# KAYSVILLE CITY, UTAH 23 East Center Street Kaysville, Utah 84037

Comprehensive Annual Financial Report

Year Ended June 30, 2006

Mayor:

••••••••••••••••••••••

Neka Roundy

Council Members:

Bradley Caldwell Lynn Galbraith

Mark Johnson

Gil Miller

Christopher Snell

City Manager:

John W. Thacker

Prepared by:

Kaysville City Administration Department

Dean G. Storey, Finance Director

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#### KAYSVILLE CITY CORPORATION COMPREHENSIVE ANNUAL FINANCIAL REPORT YEAR ENDED JUNE 30, 2006

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## INTRODUCTORY SECTION



## Kaysville City

Kaysville City Corporation 23 East Center, Kaysville, Utah 84037 (801) 546-1235 • FAX (801) 544-5646

December 15, 2006

Mayor Neka Roundy Members of the City Council and Citizens of Kaysville City:

The Comprehensive Annual Financial Report (CAFR) of Kaysville City for the Fiscal Year 2006 is hereby submitted.

This report consists of management's representations concerning the finances of Kaysville City. Publication of this report provides important financial information. The management of Kaysville City assumes responsibility for the accuracy, completeness and fairness of the presentation.

We believe the information in this CAFR is accurate in all material respects and presents fairly the financial position and the results of the operations of the City in accordance with generally accepted accounting principles (GAAP). We believe that the disclosures necessary have been made to enable the reader to gain a proper understanding of the financial affairs of the City.

This Comprehensive Annual Financial Report is organized into four main sections:

- 1. The **Introductory Section** contains general information regarding the organization of the City and overall financial profile of the City.
- 2. The Financial Section includes the independent auditor's report, basic financial statements and required supplemental information. Also included are individual fund statements. Management's discussion and analysis (MD&A) in compliance with GASB 34 requirements are included within this section.
- 3. The **Statistical Section** presents several tables depicting the financial history of the City and demographic and other useful information. This information is presented to assist in obtaining an understanding of the City.
- 4. The Single Audit Section includes the additional financial statements, supplemental schedules, independent auditor's report, and supplemental reports as required by the Single Audit Act of 1984 and by the U.S. Office of Management and Budget Circular A-133.

In accordance with State law, the financial statements included herein have been audited by an independent auditor. A firm of certified public accountants, Wood Richards and Associates has completed this year's independent audit. Wood Richards has also provide technical assistance in the preparation of this report. We appreciate the assistance they have provided. The aim of the audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and the estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that Kaysville City's financial statements for the fiscal year ended June 30, 2006, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Kaysville City for its comprehensive annual financial report for the fiscal year ended June 30, 2005. This is the twelth year in a row that Kaysville City has received this award. In order to receive a certificate of achievement, the government must publish an easily readable efficiently organized CAFR. Qualifying reports must satisfy both GAAP and applicable legal requirements.

The Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the requirements. We are submitting this report to GFOA to determine its eligibility for another certificate.

We respectfully submit this report.

Hohn W. Thacker

Dean G Storey)

City Manager

Dean G. Storey Finance Director

#### KAYSVILLE CITY FINANCIAL PROFILE

#### **General Information**

Kaysville City was settled in 1850 and on March 15, 1868 it was incorporated, becoming the first city to be incorporated in Davis County.

Kaysville is located along the Wasatch Front directly between Ogden City to the north and Salt Lake City to the south. Kaysville is considered primarily a bedroom community with current population estimated at approximately 23,888 residents. Kaysville experiences an average growth rate of 2.5% - 3%, primarily residential, due to the proximity of larger economic centers and the desire of the citizens for the City to remain a rural residential community. The build-out population is estimated at approximately forty-two thousand within the next twenty to twenty five years.

The City covers an area of approximately ten square miles, bordered by the Wasatch Mountains on the east and the Great Salt Lake on the west.

#### Organization and Services

Kaysville City operates under a council-manager form of government. The Mayor and five City Council members are elected at large with staggered terms. The City provides a full range of municipal services including, general administration, public safety, public works and utilities, parks and recreation, community development and library. An organization chart is found at the end of this section.

#### **Economic Factors**

The local economy is stable. The majority of the workforce commutes to larger economic centers. The unemployment rate is well below the national unemployment rate and below the State unemployment rate of 5.2%. Income levels are above the State average. The area continues to have a good labor and business climate whereas the workforce is young and well educated. The economy of Kaysville is primarily based on service industries to accommodate the residential population including grocery stores, small retail shops, gas stations, etc.

#### Transportation and Accessibility

Major interstates and highways provide easy access to Kaysville City. Interstate I-15 runs north and south through the City and there is easy access to Interstate 80 and Interstate 84 and many other major roads and highways. Many major western cities are only a day away by commercial carrier. The Salt Lake International Airport is readily accessible within twenty five minutes. The airport is anchored by Delta Airlines and Southwest Airlines, with several air and cargo express carriers.

#### **Major Initiatives**

City leaders continue to strive to provide city services in an efficient and effective manner. The on-going plan includes improving facilities and improving the economic base while controlling growth and containing future costs to the City. The demands of keeping up with the residential growth is the primary challenge for City leaders. This includes providing adequate infrastructure to support the growth. Over the past several years, the City has focused on building and maintaining the infrastructure. City resources have been spent on street improvements, utility extensions, electrical substations and park development. Additional resources will be spent in these areas in future years. A major capital project under construction is the 200 North overpass, crossing the railroad and providing better and safer access to the area of Kaysville west of I-15.

#### Financial Reporting and Accounting Standards

Kaysville City conforms to generally accepted accounting principles established by the Government Accounting Standards Board. The accounts of the City are organized based on fund, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise of its assets, liabilities, fund equity and revenues and expenses. Resources are allocated to and accounted for based on the purpose of each fund. Further discussion of accounting and budgeting matters may be found in the Financial Section of this report in "Notes to Basic Financial Statements". The following fund types are included in this report.

General Fund - The general fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. It also includes the financial activities related to Class "C" funds which funds are restricted as to use.

<u>Special Revenue Fund</u> - The special revenue fund is used to account for revenue collected and designated and restricted for a specific purpose.

<u>Capital Projects Fund</u> - The capital projects fund is used to account for financial resources used for the acquisition or construction of major capital facilities other than those financed by a proprietary fund, special assessment fund or trust fund.

<u>Debt Service Fund</u> - The debt service fund is used to account for the accumulation of resources to be used for principal and interest payments of long term debts.

<u>Enterprise Funds</u> - The enterprise funds are used to account for the operations that are financed and operated in a manner similar to private business enterprises. The intent is to provide services on a continuing basis to be recovered primarily through user charges.

<u>Permanent Funds</u> - Permanent funds are used to account for and report resources that are legally restricted to the extent that only the earnings and not the principal may be used.

Fund Type

Enterprise Fund

Enterprise Fund

Permanent Fund

Permanent Fund

A description of each fund and fund type included in this report are as follows:

#### General Fund General Fund Library Special Revenue Fund Special Revenue Capital Projects Fund Capital Projects Fund Debt Service Fund Debt Service Fund Water Fund Enterprise Fund Sewer Fund Enterprise Fund Storm Water Fund Enterprise Fund Pressure Irrigation Fund Enterprise Fund Power Fund Enterprise Fund

Ambulance Fund Cemetery Perpetual Care Fund Library Endowment Fund

Sanitation Fund

Description

The City operates an integrated budgetary and accounting system which incorporates the adoption of a formal budget for each department. The budget is adopted in June of each year for the ensuing year beginning July 1. State statutes define the legal level of budgetary control at the department level. Monthly financial statements are distributed to each department with the charge that obligations are closely monitored. The budget is reopened as required (usually not more than once annually) to consider necessary adjustments.

Safeguarding assets and providing reasonable assurance that financial transactions are properly recorded requires implementation of internal controls. The City's internal controls are presently accomplishing the objective in all material respects. Further discussion of accounting matters may be found in the "Notes to Basic Financial Statements".

#### Cash Management

All cash balances maintained by the various funds are held in full compliance of the *Utah State Money Management Act*. The *Act* requires the depositing of public funds in a "qualified depository" which meets the requirements of the Act. Operating cash is held at Barnes Bank, a local financial institution and City investments are currently held at the

Utah State Treasurer's Investment Pool. The average interest rate of pooled money for fiscal year 2006 was 4.18%. The corpus of the Library Endowment fund is also held at Barnes Bank and Mountain America Credit Union in laddered certificates of deposit.

#### **Debt Management**

Kaysville City has always maintained a conservative policy in regards to debt. The City has no general obligation debt and minor debts in other debt instruments. In 1999, the City established a municipal building authority for the purpose of constructing and leasing a new fire station. The building authority issued revenue bonds and the City is paying the debt service through annual lease payments. The City has purchased park property on contract with a revolving sale of a portion of the property to a private party guaranteeing annual payments to meet the terms of the contract. The City has also entered into capital leases for the purchase of a street sweeper and ambulances. Specific details and debt service schedules may be found in the "Notes to Basic Financial Statements".

#### Risk Management

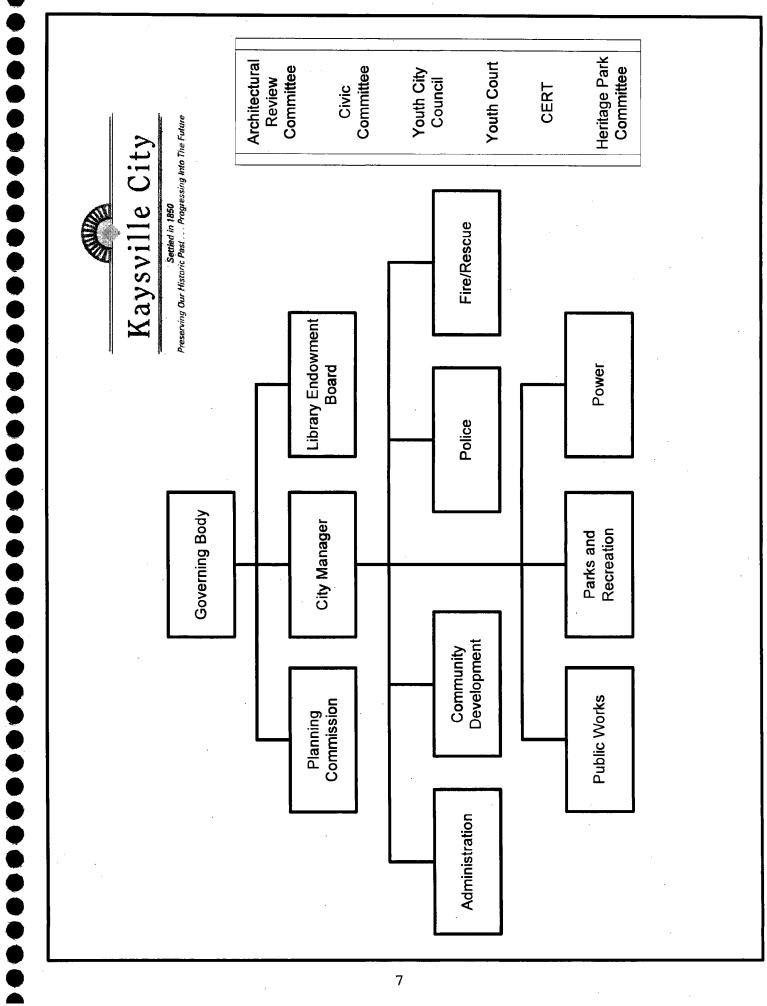
The City maintains complete insurance coverage including worker's compensation general liability, property damage, public official's errors and omissions, automobile liability, and law enforcement liability. Insurance coverages are placed with commercial carriers rated as excellent or superior by recognized rating agencies. Liability is carried at two million dollars with an eight million dollar excess.

#### Pension and Other Post Employment Benefits

The City participates in the Utah State Retirement Systems for all eligible employees. The City also provides deferred compensation plans under IRS code sections 401(k). These plans are administered by outside managers and administrators of behalf of the City and its employees. These assets are not assets of the City and are held outside of the City's financial statements.

#### Requests for Information

This comprehensive annual financial report is designed to provide a general overview of the financial affairs and condition of Kaysville City. Additional information or questions concerning any information provided in this report may be addressed to: Kaysville City Finance, Kaysville City Corporation, 23 East Center Street, Kaysville, Utah 84037 or by electronic mail <a href="mailto:dstorey@kaysvillecity.com">dstorey@kaysvillecity.com</a> or by phone (801) 546-1235.



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

# Kaysville City Corporation Utah

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2005

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

President

**Executive Director** 

## FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT



#### INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council Kaysville City

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Kaysville City, Utah, as of and for the year ended June 30, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Kaysville City's, management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of Kaysville City, as of June 30, 2006, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated November 9, 2006, on our consideration of Kaysville City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Kaysville City's basic financial statements. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules of revenues, expenditures, and changes in fund balances – budget to actual in the debt service and capital projects funds have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

WOOD Richards & Associates

November 9, 2006

MANAGEMENT DISCUSSION AND ANALYSIS

The following is a discussion and analysis of Kaysville City's finances for the fiscal year ended June 30, 2006. We believe that this narrative when read in conjunction with the letter of transmittal, financial profile, the financial statements and particularly the notes to the financial statements should assist the reader in understanding the finances of Kaysville City.

#### Financial Highlights

#### Government Wide

- The City's total net assets increased by \$8,045,587 or 13.07% over the prior year. Net assets of governmental activities increased by \$4,238,884 or 17.08%. Net assets of business-type activities increased by \$3,806,703 or 10.36%.
- The City's total net assets are made up of primarily capital assets. Generally capital assets are made up of infrastructure and are not available to meet on-going obligations. Of the total net assets of f \$69,564,262, \$53,969,451 (77%) includes investments in capital assets; \$4,800,121 (7%) in restricted uses and \$10,794,690 (16%) in unrestricted uses and available to meet City obligations.
- The City's restricted assets of \$4,800,121 is essentially the same as the prior year. These assets are restricted primarily for capital expenditures from collected development impact fees.
- The City's unrestricted assets of \$10,794,690 include \$3,865,714 available for governmental activities and \$6,928,976 available for business-type activities. Overall this is a slight decrease of 1.26% from the prior year.

#### Fund Level

- The fund balances in governmental funds increased in the amount of \$2,755,354 (excess of revenues and other financing sources over expenditures). This increase is primarily a result of collection of impact fees designated for capital projects and an increase in tax revenue.
  - The proprietary funds had an overall net income before transfers and contributions of \$1,736,628.

#### Long Term Debt

• Overall the City's long term liabilities had a reduction in the amount of \$515,361 over the prior year. This is due to principal payments of the revenue bonds for the fire station, and capital lease payments. As of June 30, 2006, the liabilities balance for governmental activities is \$22,220,588 and \$149,740 for business-type activities.

#### Overview of the Financial Statements

This report includes the City's Basic Financial Statements. The Basic Financial Statements include three components: 1) government-wide financial statements. 2) fund financial statements, and 3) notes to the financial statements. In addition to the Basic Financial Statements, this report also contains the required supplementary information, and fund data including combining statements for non-major funds and a statistical section.

#### Government-wide Financial Statements

The Statement of Net Assets and the Statement of Activities comprise the government-wide financial statements. These statements provide a broad overview with a long term focus of the City's finances as a whole and are prepared using the *full-accrual* basis of accounting similar to private sector companies.

The statement of net assets presents information on all the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the City's financial condition is getting better or worse.

The statement of activities presents information showing how the City's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event giving the rise to the change occurs, regardless of timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) and from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

#### Fund Financial Statements

The fund financial statements provide detailed information about individual funds. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The operations of each fund are accounted for with a separate set of self balancing accounts that comprise of its assets, liabilities, fund equity and revenues and expenses. In this report all of the funds can be divided into two classes: governmental funds and proprietary funds.

Governmental Funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, government fund financial statements focus on near-term inflows and outflows of spendable resources. The city maintains a general fund, a special revenue fund, a capital projects funds and a debt service fund as governmental funds. In addition the City also maintains two permanent funds for cemetery perpetual care and a library endowment. These two funds restrict the use of the principal and allow the interest earnings to be spent subject to certain restrictions.

<u>Proprietary Funds</u> are used to account for similar functions presented as business-type activities in the government wide financial statements. The City uses enterprise funds to account for its utility operations and for ambulance service. These activities are similar to that of a private business enterprise.

#### Notes to Financial Statements

The notes provide additional schedules, detail and information essential to a complete understanding of the financial information provided in the government-wide statements and the fund financial statements. The notes apply to both statement types.

#### Financial Analysis of Government-wide Statements

#### Net Assets

Kaysville City's Net Assets are as follows:

	Governmental Activities		Business-ty	oe Activities	Total		
	2005	2006	2005	2006	2005	2006	
Assets							
Current and Other Assets	\$6 <b>,367</b> ,500	\$8,680,121	<b>\$10,186,45</b> 6	\$8,602,772	<b>\$16,5</b> 53,9 <b>56</b>	\$1 <b>7,28</b> 2,893	
Capital Assets	\$21 <b>,564</b> ,080	<b>\$23,107,432</b>	\$27,442,472	\$32,977,433	\$49,006,552	\$56,084,865	
Total Assets	\$27 <b>,93</b> 1,580	\$31,787,553	\$37,628,928	\$41,580,205	\$65,560,508	\$7 <b>3,36</b> 7,758	
Liabilities							
Current Liabilities	\$1,015,551	<b>\$1</b> ,160,666	\$827,605	<b>\$1,026,931</b>	\$1,843,156	\$2,187,597	
Non-Current Liabilities	<b>\$2,109</b> ,433	\$1,581,407	\$89,244	<b>\$34,492</b>	\$2,198,677	<b>\$1,61</b> 5,89 <b>9</b>	
Total Liabilities	\$3,124,984	\$2,742,073	\$916,849	\$1,061,423	\$4,041,833	\$3,803,496	
Net Assets Investments in Capital					-		
(net)	\$19 <b>,063</b> ,908	\$21,086,118	\$27,289,164	<b>\$32,883</b> ,333	\$46,353,072	\$53 <b>,96</b> 9,451	
Restricted	<b>\$2,683</b> ,646	<b>\$4,</b> 093,6 <b>48</b>	<b>\$</b> 1,81 <b>6,44</b> 1	\$706,473	\$4,500,087	<b>\$4,80</b> 0,121	
Unrestricted	\$3, <b>059</b> ,042	\$3,865,714	\$7,606,474	\$6,928,976	\$10,665,516	\$10,794,690	
Total Net Assets	\$24 <b>,806</b> ,596	<b>\$29,</b> 045, <b>480</b>	<b>\$</b> 36,71 <b>2,07</b> 9	\$40,518,782	\$61,518,675	\$69,564,262	

#### Changes in Net Assets:

The City's combined net assets increased over the prior year by \$8,045,587 (13.07%). Generally an increase or decrease in net assets offers a measuring tool of the overall financial condition. This indicates that the City's overall financial condition has improved over the prior year. Slightly higher than the prior year, the amount of \$10,794,690 (15%) of net assets remains unrestricted and available for ongoing obligations. Overall liabilities decreased as long term liabilities were reduced.

#### Governmental and Business-Type Activities

The tables below illustrate the sources of revenues and the expenses for governmental activities and business-type activities compared to the prior year. It shows to what extent the City's governmental activities relied on taxes and other general revenues to cover all their costs and to what extent the service charges of the business-type funds adequately cover their costs. Obviously, the business of government is primarily funded by taxes and other general revenues.

Kaysville City, Utah Management Discussion and Analysis For the Year Ended June 30, 2006 (Continued)

Changes in Net Assets						
-	Governmen	tal Activities	Business-ty	pe Activities	To	tal
	2005	2006	2005	2006	2005	2006
Revenues						
General Revenues						
Property Tax	<b>\$1,403,854</b>	<b>\$1,</b> 514,768	- \$0	\$0	\$1,40 <b>3,8</b> 54	<b>\$</b> 1,51 <b>4,76</b> 8
Sales Tax	\$2,373,991	\$2,720,052	\$0	\$0	\$2,3 <b>73,9</b> 91	\$2,720,052
Other Taxes	<b>\$</b> 735, <b>578</b>	<b>\$1,</b> 365,949	\$0	\$0	<b>\$735,5</b> 78	\$1,365,949
Interest and Investment	<b>\$</b> 434 <b>,427</b>	<b>\$4</b> 33,8 <b>03</b>	\$5 <b>8,06</b> 5	\$154, <b>615</b>	\$4 <b>92,4</b> 92	\$588,418
Grants and Contributions	\$749,252	\$884,937	<b>\$115,00</b> 0	<b>\$2,</b> 270, <b>075</b>	\$8 <b>64,2</b> 52	\$3,15 <b>5,01</b> 2
Charges for Services	<b>\$2</b> ,960 <b>,681</b>	<b>\$4,5</b> 93,2 <b>03</b>	<b>\$1</b> 4,67 <b>8,68</b> 8	<b>\$17,</b> 260, <b>763</b>	\$17,63 <b>9,3</b> 69	\$21,853,966
Miscellaneous	\$334,177	\$385,7 <b>38</b>	<b>\$1,797,06</b> 3	<b>\$</b> 773, <b>602</b>	\$2,131,240	\$1,159,340
Total Revenues	\$8,991,960	\$11,898,450	\$16,648,816	<b>\$20,</b> 459, <b>055</b>	\$25,6 <b>40,7</b> 76	<b>\$32</b> ,35 <b>7</b> , <b>50</b> 5
Expenses						
Governmental:						
General Government	\$1,149,813	\$1,275,261	<b>\$</b> 0	\$0	\$1,1 <b>49,8</b> 13	\$1,275,261
Police	<b>\$</b> 1,683, <b>7</b> 10	<b>\$1,8</b> 13,4 <b>74</b>	\$0	\$0	<b>\$1,683,7</b> 10	\$1,813,474
Fire	\$348, <b>039</b>	<b>\$4</b> 45,3 <b>31</b>	\$0	\$0	\$348,039	\$445,331
Community Development	<b>\$</b> 418 <b>,435</b>	<b>\$</b> 467,4 <b>74</b>	\$0	\$0	<b>\$418,4</b> 35	\$467,474
Public Works	<b>\$2</b> ,245 <b>,723</b>	<b>\$1,6</b> 15,1 <b>71</b>	\$0	\$0	<b>\$</b> 2,2 <b>45,7</b> 23	\$1,615,171
Parks, Recreation and Public Properties	\$1,341,495	\$1,573,015	\$0	\$0	\$1,341,495	\$1,573,015
Library - Special Revenue	\$290, <b>769</b>	\$331,514	\$0	\$0	\$290,769	\$331,514
Library Endowment	\$57, <b>909</b>	<b>\$</b> 32,4 <b>95</b>	\$0	\$0	<b>\$57,9</b> 09	\$3 <b>2,49</b> 5
Interest on Long Term Debt	\$129,459	\$105,831	\$0	\$0	\$1 <b>29,4</b> 59	\$105,831
Business-Type:						
Water	\$0	\$0	\$1,398,496	<b>\$1,</b> 469, <b>800</b>	\$1,3 <b>98,4</b> 96	\$1,469,800
Sewer	\$0	\$0	\$1,274,505	<b>\$1</b> ,324, <b>522</b>	<b>\$1,274,5</b> 05	\$1,324,522
Electric	\$0	<b>\$</b> 0	\$8,992,356	\$10,717,294	\$8,9 <b>92,3</b> 56	\$10,717,294
Pressure Irrigation	\$0	\$0	\$594,054	\$777,596	\$594,054	\$777,596
Sanitation	\$0	\$0	<b>\$</b> 1,15 <b>4,36</b> 5	<b>\$1</b> ,181, <b>929</b>	\$1,1 <b>54,3</b> 65	<b>\$</b> 1,18 <b>1,9</b> 29
Storm Water	\$0	\$0	\$254,468	\$727,455	\$254,468	\$727,455
Ambulance	\$0	\$0	\$381,463	\$453, <b>756</b>	\$381,463	\$453,756
Total Expenses	<b>\$7</b> ,665 <b>,352</b>	<b>\$7,6</b> 59,5 <b>66</b>	\$14,049,707	<b>\$16</b> ,652, <b>352</b>	<b>\$</b> 21,7 <b>15,0</b> 59	\$24,311,918
Increase in net assets before transfers	<b>\$1</b> ,326 <b>,608</b>	<b>\$4,2</b> 38,8 <b>84</b>	<b>\$</b> 2,59 <b>9,10</b> 9	<b>\$3</b> ,806, <b>703</b>	\$3,9 <b>25,7</b> 17	<b>\$</b> 8,045 <b>,5</b> 87
Transfers and special items	\$0	\$0	<b>\$</b> 4,68 <b>1,57</b> 2	\$0	\$4,681,572	\$0
Increase (decrease) in net assets	<b>\$1</b> ,326 <b>,608</b>	<b>\$4,2</b> 38,8 <b>84</b>	<b>\$</b> 7,28 <b>0,68</b> 1	<b>\$3,</b> 806, <b>703</b>	\$8,607,289	\$8,045,587
Net Assets - Beginning of Fiscal Year	<b>\$27</b> ,759, <b>9</b> 09	<b>\$24,8</b> 06,5 <b>96</b>	<b>\$2</b> 9,43 <b>1,39</b> 8	\$36,712,079	\$57,19 <b>1,</b> 307	<b>\$61</b> ,51 <b>8,67</b> 5
Net Assets - Ending of Fiscal Year	<b>\$24</b> ,806 <b>,596</b>	\$29,045,480	<b>\$3</b> 6,71 <b>2,07</b> 9	<b>\$40,</b> 518, <b>782</b>	\$61,5 <b>18,6</b> 75	<b>\$6</b> 9,56 <b>4,26</b> 2

#### Capital Assets

The City's investment in capital assets for its governmental activities and business-type activities at June 30, 2006 is \$56,084,894 (net of accumulated depreciation). This is a net increase of \$7,078,342. Most of the increase in assets is derived from additions to infrastructure and improvements. Infrastructure improvements are generally contributions from developers for new subdivisions and/or extension fees paid to the City for electrical system improvements. Water stock contributed by development is also included as a capital asset. The table below shows the addition to capital assets from the prior fiscal year.

	Governmental Activities		Business-type Activities			Total	
	2005	2006		2005	2006	2005	2006
Land	\$3,561,325	\$3,561,325		\$1,531,812	\$1,531,812	<b>\$</b> 5,093,1 <b>37</b>	<b>\$5,0</b> 93,1 <b>37</b>
Stock (Water)	\$0	\$0		\$1,631,990	\$2,642,990	<b>\$1</b> ,631 <b>,990</b>	\$2,642,990
Infrastructure	\$10,340,464	\$11,460,9 <b>65</b>		\$23,157,392	\$27,7 <b>82,3</b> 83	\$33,497,856	<b>\$39,2</b> 43,3 <b>48</b>
Building and Improvements	\$6,656,760	<b>\$7,</b> 173, <b>861</b>		<b>\$564</b> ,294	<b>\$550</b> ,531	\$7,221,054	\$7,724,392
Vehicles	\$651, <b>66</b> 5	\$535,374		<b>\$265</b> ,562	\$271,760	<b>\$</b> 917, <b>227</b>	\$807,134
Furniture and Equipment	\$353,866	\$375,907		<b>\$29</b> 1,422	\$197,986	\$645,288	<b>\$5</b> 73,8 <b>93</b>
Net of Accumulated	\$21,564,080	\$23,107,432	\$0	\$27,442,472	\$32,977,462	\$49,006,552	<b>\$56,0</b> 84,8 <b>94</b>

Depreciation

#### Long Term Debt / Liabilities

Overall the City had a net reduction in long term liabilities in the amount of \$542,922. Kaysville City has no general obligation debt. The table below shows the overall debt position of the City for governmental activities and business-type activities compared to the prior fiscal year.

	Governmental Activities		Business-type Activities		Total	
	2005	2006	2005	2006	2005	2006
Note Payable (Park Land)	\$1,332,552	\$1,061,820	\$0	\$0	<b>\$1,332</b> ,55 <b>2</b>	\$1,0 <b>61,8</b> 20
Capital Lease (Fire Station Property)	\$59,620	\$19, <b>49</b> 4	\$0	\$0	\$59,620	<b>\$19,4</b> 94
Series 2002 Revenue Bonds Equipment Leases (Sweeper &	\$1,108,000	\$940,000	\$0	\$0	\$1,108,000	<b>\$940,0</b> 00
Ambulances)	\$0	\$0	\$153,308	\$89,244	<b>\$153,308</b>	\$89,244
	\$2,500,172	\$2,021,314	\$153,308	\$89,244	\$2,653,480	\$2,110,558

#### **Analysis of Financial Funds**

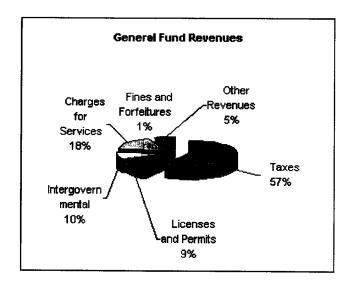
#### Governmental Funds

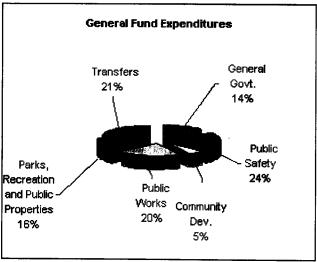
The focus of the City's governmental funds is to account for and provide information on near-term inflows, outflows and spendable resources. The primary governmental fund is the general fund. The City also maintains a capital projects fund, special revertue fund (library), a debt service fund and permanent funds for cemetery perpetual care and library endowment. The table below and accompanying graphs depict the revenues and expenditures during the fiscal year 2006 and a comparison to fiscal year 2005.

#### **Governmental Funds**

General Fund	
Revenues:	
Taxes	\$5,28 <b>2,92</b> 9
Licenses and Permits	\$77 <b>5,48</b> 3
Intergovernmental	\$874,619
Charges for Services	<b>\$</b> 1,63 <b>2,91</b> 9
Fines and Forfeitures	\$73,455
Other Revenues	\$479,334
	\$9,118,739

Expenditures:	
General Govt.	\$1,273,503
Public Safety	\$2,104,306
Community Dev.	\$450,766
Public Works	\$1,8 <b>33,2</b> 09
Parks, Recreation and Public Properties	\$1,46 <b>1,8</b> 82
Transfers	\$1,92 <b>5,9</b> 50
	\$9,049,616





General fund revenues for fiscal year 2006 totaled \$9,118,739. This represents an increase of approximately 6.25 % over fiscal year 2005. Sales tax and the utility license tax increased significantly as well as building permit fees due to the building growth. Other revenue sources remained fairly stable.

General fund expenditures for fiscal year 2006 total \$9,049,616. This is an increase of 14 % over fiscal year 2005 of \$7,925,474. Significant transfers were made to Capital Projects fund to finance future capital improvements.

Comment Freed Processes	EV 2005	EV 2006	Increase/	Percentage
General Fund Revenues	FY 2005	FY 2006	(Decrease)	Change
Taxes	\$4,641,597	\$5, <b>282</b> ,929	<b>\$641,</b> 332	13.82%
Licenses and Permits	\$5 <b>56,2</b> 67	\$775,483	<b>\$219,</b> 216	<b>39.41%</b>
Intergovernmental	<b>\$742,59</b> 5	\$874,619	\$132,024	17.78%
Service Charges	\$1,2 <b>95,3</b> 10	\$1, <b>632</b> ,919	\$337,609	<b>26</b> .06%
Fines and Forfeitures	\$82,680	<b>\$73,455</b>	(\$9,225)	-11.16%
Other Revenues	\$1,264,422	<b>\$479</b> ,334	(\$785,088)	-62.09%
	\$8,582,871	\$9,118,739	\$535,868	6.24%
General Fund Expenditures				
General Government	<b>\$1,108,8</b> 63	\$1,273,503	<b>\$164,</b> 640	14.85%
Public Safety	\$2,011, <b>9</b> 36	\$2,104,306	<b>\$92,</b> 370	4.59%
Community Development	\$418,435	\$450,766	<b>\$32,</b> 331	7.73%
Public Works	<b>\$2,762,87</b> 3	\$1,833,209	(\$929,664)	-33.65%
Parks, Recreation and Public				
Properties	\$1,268,367	<b>\$1,461,882</b>	\$193,515	15.26%
Transfers	\$355,000	<b>\$1,925,9</b> 50	<b>\$1,570,</b> 950	442.52%
	\$7,925,474	\$9, <b>049</b> ,616	\$1, <b>124</b> ,142	14.18%

#### Special Revenue Fund - Library

A special revenue fund is used to account for the revenues and expenditures of the Kaysville City library. The City designates a fixed portion of the property tax revenue to be used exclusively for the library. The total expenditures for fiscal year 2006 total \$330,378 and total revenue in the amount of \$343,894. Effective July 1, 2006, library operations have been transferred to the Davis County Library System. This report contains the last complete fiscal year for library operations. Next year's report will include the close-out of the library operations and the special revenue fund.

#### Capital Projects Fund

The capital projects fund was used to account for major capital projects during the fiscal year 2006. Funds are being accrued to continue to pay for the 200 North Overpass project. The revenues and expenditures compared to the previous year are illustrated as follows:

Capital Projects Fund	FY 2005	FY 2006
Revenue:		
Impact Fees	<b>\$</b> 0	\$2,011,422
Property Sales	\$1,422,679	\$0
Transfers from Other Funds	\$0	\$1,875,000
	\$1,422,679	\$3,886,422
Expenditures:		
200 North Overpass Project	\$3,481	<b>\$1</b> ,3 <b>99,2</b> 29
Recreation Rest Room Project	. \$0	\$0
Angel Street Park	\$1,000,774	<b>\$122,22</b> 3
North Main Project	\$0	\$40,980
Heritage Park Property	\$4,498	\$30,921
Transfers	\$0	<b>\$</b> 1,28 <b>6,2</b> 23
	\$1,008,753	\$2,879,576

#### **Debt Service Fund**

During the fiscal year 2006, the debt service fund was used to account for the payment of property and revenue bond lease payments related to the City's fire station.

Debt Service Fund	FY 2005	FY 2006
•		
Revenue:		
Transfers	<b>\$265,61</b> 1	\$1,537,173
Impact Fees	<b>\$</b> 0	\$112,959
Miscellaneous	<b>\$</b> 0	<b>\$3</b> 65
	<b>\$265,61</b> 1	\$1,650,497
Expenditures:		
Land Payment - Fire Station	\$43,609	\$43,609
Park Property	<b>\$</b> 0	\$337,360
2002 Revenue Bonds	\$208,788	\$203,721
	\$252,397	\$584,690

#### Permanent Funds

The City maintains two permanent funds. These funds have restrictions on the principal balance and only investment earnings may be spent. The cemetery perpetual care fund is used to account for monies deposited with the City for the perpetual maintenance of the cemetery. A perpetual care fee is charged with the sale of each burial lot. As of June 30, 2006 the principal balance is \$1,166,479. The library endowment fund is used to account for monies provided by a private donor. Alan and Kay Blood, long time residents of Kaysville City donated property to be sold with the proceeds of the sale to be used to supplement library expenditures. The corpus of this fund is \$639,233 with the total fund balance of \$793,271. This fund will continue to be used to augment the collection held at the Kaysville Library, now that it is part of the Davis County Library system.

#### **Proprietary Funds**

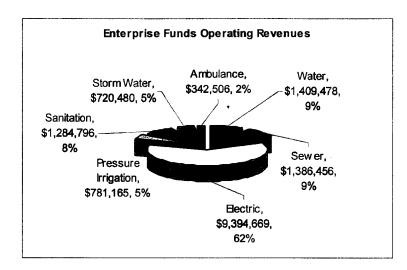
The City maintains several enterprise funds to account for operations that are operated in a manner similar to a private business. Fees and user charges are collected to operate the enterprise. Most of these funds are public utilities. The City also operates an ambulance service. Since fees are charged for this service, ambulance operations are accounted for in an enterprise fund.

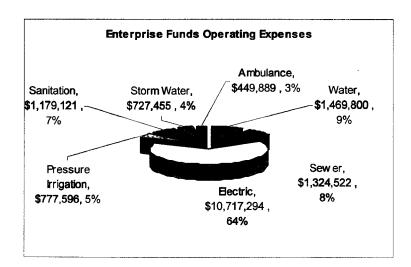
Operating revenues for all proprietary funds totaled \$15,319,550. This is an increase of about 16% over the prior year of \$13,110,489. The majority of the increase is due to a complete year of collecting the storm water fee and increase electricity sales in our power fund. As the City continues to grow, more and more electrical resources are needed. Operating expenses totaled \$16,645,677. This is an increase of approximately 18%. Continued monitoring each utility will be necessary to ensure operating revenues cover operating expenses. Ambulance expenses have increased over the prior year; much of this is the reallocation of expenditures from the fire department to the ambulance fund. A transfer from the general fund is still necessary to finance ambulance services.

The table below and accompanying charts show the operations for fiscal year 2006.

Proprietary Funds	Water	Sewer _	Electric	Pressure Irrigation	Sanitation	Storm Water	Ambulance	Total
Operating Revenues	\$1,409,478	<b>\$1,386,</b> 456	\$9,3 <b>94</b> ,669	<b>\$</b> 781, <b>165</b>	<b>\$1,284</b> ,796	\$720,480	\$342,506	\$15,319,550
Operating Expenses	<b>\$1,</b> 469, <b>800</b>	\$1 <b>,324</b> ,522	<b>\$</b> 10,7 <b>17,2</b> 94	\$777,596	\$1,179,121	\$727,455	<b>\$</b> 449, <b>889</b>	\$16,645,677
Operating Income	<b>(\$</b> 60,3 <b>22)</b>	<b>\$61</b> ,934	<b>(\$1,322,62</b> 5)	\$3, <b>569</b>	<b>\$10</b> 5,675	(\$6,975)	(\$107,383)	(\$1,326,127)
Non Operating Revenues/(Expenses)	\$289,1 <b>88</b>	\$0	\$2,7 <b>80,2</b> 42	\$0	\$0	<b>\$</b> 0	(\$3,867)	<b>\$3,06</b> 5,56 <b>3</b>
Net Income before Transfers	\$228,866	<b>\$6</b> 1,934	<b>\$1,457,617</b>	\$3,569	<b>\$105</b> ,675	(\$6,975)	(\$111,250)	\$1,739,436
Operating Transfer In/(Out)	(\$125,000)	(\$125,000)	\$0	\$0	. \$0	(\$125,000)	<b>\$</b> 175,000	(\$200,000)
Net Income / (loss)	<b>\$</b> 103,8 <b>66</b>	(\$63,066)	\$1,457,617	\$3,569	<b>\$10</b> 5,675	<b>(</b> \$131 <b>,97</b> 5)	\$63,750	\$1,539,436

The Proprietary Funds are segmented and illustrated below:





#### Conclusion

The outlook for Kaysville City remains positive. The challenge, of course will be to continue to provide the critical services to a growing, primarily residential population.

This financial report is designed to provide a general overview of Kaysville City's finances. We believe this narrative read in conjunction with the other financial information included herein provides a clear understanding of the finances of Kaysville City.

Additional information may be obtained by contacting Kaysville City Finance at 23 East Center, Kaysville, Utah 84037, or by telephone (801-546-1235.

### **BASIC FINANCIAL STATEMENTS**

**Government-Wide Financial Statements** 

Fund Financial Statements

#### KAYSVILLE CITY STATEMENT OF NET ASSETS JUNE 30, 2006

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 7,066,374	\$ 6,418,802	\$ 13,485,176
Investments	849,107	-	849,107
Accounts Receivable (Net)	733,811	1,778,720	2,512,531
Notes Receivable	6,073	-	6,073
Other Assets	24,756	-	24,756
Inventory	-	405,250	405,250
Total Current Assets	8,680,121	8,602,772	17,282,893
Noncurrent Assets:			
Capital Assets:			
Land	3,561,325	1,531,812	5,093,137
Net Depreciable Capital Assets	19,546,107	28,802,631	48,348,738
Water Stock	•	2,642,990	2,642,990
Total Noncurrent Assets	23,107,432	32,977,433	56,084,865
Total Assets	\$ 31,787,553	<b>\$ 41,580,205</b>	\$ 73,367,758
LIABILITIES AND NET ASSETS			
Current Liabilities:			
Accounts Payable	\$ 68,457	\$ 863,133	\$ 931,590
Deposits	446,955	48,550	495,505
Deferred Revenues	6,073	•	6,073
Noncurrent Liabilities Due Within One Year	639,181	115,248	754,429
Total Current Liabilities	1,160,666	1,026,931	2,187,597
Noncurrent Liabilities			
Due in more than one year	1,581,407	34,492	1,615,899
Total Noncurrent Liabilities	1,581,407	34,492	1,615,899
Total Liabilities	2,742,073	1,061,423	3,803,496
NET ASSETS		-	
Investments in Capital Assets, Net of Related Debt Restricted for:	21,086,118	32,883,333	53,969,451
Park Development Impact Fees	246,192	-	246,192
Transportation Impact Fee	849,225	•	849,225
Public Safety Impact Fee	99,036	-	99,036
Perpetual Cemetery Library Endowment:	1,166,479	-	1,166,479
Expendable	144,620	_	144,620
Nonexpendable	639,233	. •	639,233
Debt Service	948,863	-	948,863
Water Impact	-	706,473	706,473
Unrestricted	3,865,714	6,928,976	10,794,690
Total Net Assets	29,045,480	40,518,782	69,564,262
Total Liabilities and Net Assets	<b>\$</b> 31,787,553	\$ 41,580,205	<b>\$</b> 73,367,758

The notes to the financial statements are an integral part of this statement.

#### KAYSVILLE CITY STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2006

•			Program Revenues						
Functions		Expenses		Charges for Services		Operating Grants and Contributions		Capital Grants and Contributions	
Governmental Activities:					•				
General Government	\$	1,275,261	\$	504,503	\$	10,005	\$	132,524	
Public Safety:									
Police		1,813,474		<b>204,550</b>		-		-	
Fire		445,331		124,576		5,056		•	
Community Development		467,474		233,892		-		-	
Public Works		1,615,171		2,281,843		727,034		-	
Parks, Recreation and Public Properties		1,573,015		1,184,753		-		-	
Perpetual Cemetery		-		43, <b>350</b>		-			
Library Endowment		32,495		-		=		-	
Special Revenue - Library		331,514		15,7 <b>36</b>		10,318		-	
Interest on Long-term Debt		105,831		-		-		_	
Total Governmental Activities	_	7,659,566		4,593,203		752,413		132,524	
Business-Type Activities:									
Water		1,469,800		1,676,158		-		641,909	
Sewer		1,324,522		1,386,456		-		-	
Electric		10,717,294		11,069,202		-		_	
Pressure Irrigation		777,596		781,165		-		1,011,000	
Sanitation		1,181,929		1,284,796		-		-	
Storm Water		727,455		720, <b>480</b>		-	·	617,166	
Ambulance		453,756		342,506		<u> </u>			
Total Business-Type Activities		16,652,352		17,260,763		-	. —	2,270,075	
Total	\$	24,311,918	\$	21,853,966	\$	752,413	\$	2,402,599	

#### General revenues:

Property Taxes

Sales Tax

Franchise Tax

**Energy Sales and Use Charge** 

Interest and Investment Earnings

Miscellaneous

**Transfers** 

Gain on Sale of Capital Assets

#### **Total General Revenues and Transfers**

**Change in Net Assets** 

Net assets - Beginning

Net assets - Ending

The notes to the financial statements are an integral part of this statement.

#### Net (Expense) Revenue and Changes in Net Assets

Governmenta Activities	Business-Type Activities	Total		
\$ (628,229	) \$	\$ (628,229)		
(1,60 <b>8,9</b> 24	) -	(1,608,924)		
(315,699		(315,699)		
(233,582		(233,582)		
1,393,706	-	1,393,706		
(388,262	) -	(388,262)		
43,350		43,350		
(32,495	) -	(32,495)		
(305,460	) -	(305,460)		
(105,831	<u> </u>	(105,831)		
(2,181,426	) -	(2,181,426)		
_	949 267	. 049 267		
_	848,267 61,934	8 <b>48,2</b> 67 61,934		
-	351,908	351,908		
•	1,014,569	1,014,569		
_	102,867	102,867		
	610,191	610,191		
-	(111,250)	(111,250)		
	2,878,486	2,878,486		
•				
(2,181,426	2,878,486	697,060		
1,514,768	•	1,514,768		
2,720,052		2,720,052		
504,791	-	<b>504,79</b> 1		
861,158	· •	861,158		
433,803	· · · · · · · · · · · · · · · · · · ·	<b>588,4</b> 18		
185,738		185,738		
200,000		•		
	973,602	973,602		
6,420,310	928,217	7,348,527		
4,238,884	3,806,703	8,045,587		
24,806,596	36,712,079	61,518,675		
\$ 29,045,480	\$ 40,518,782	\$ 69,564,262		

#### KAYSVILLE CITY BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2006

	General	Debt Service	Capital Projects
ASSETS			
Cash and Cash Equivalents	\$ 2,949,947	<b>\$ 1,113,681</b>	<b>\$</b> 1,617,755
Investments	•	159,873	-
Accounts Receivable	733,811	-	•
Other Assets	24,756	-	•
Notes Receivable	6,073	<del></del>	<del></del>
Total Assets	\$ 3,714,587	\$ 1,273,554	<b>\$</b> 1,617,755
LIABILITIES AND FUND BALANCES			
Accounts Payable	\$ 32,538	\$ -	\$ 35,919
Deposits	<b>446,9</b> 55	-	•
Deferred Revenues	6,073		
Total Liabilities	485,566		35,919
Reserved for:			
Park Development Impact Fees	•	112,959	133,233
Transportation Impact Fee	-	-	8 <b>49</b> , <b>2</b> 25
Public Safety Impact Fee	-	-	99,036
Perpetual Care	-	-	-
Library Endowment	-	-	-
Debt Service	•	948,863	-
Unreserved	3,229,021	211,732	500,342
Total Fund Balances	3,229,021	1,273,554	<u>1,581,836</u>
Total Liabilities and Fund Balances	\$ 3,714,587	<b>\$ 1,273,554</b>	\$ 1,617,755

The notes to the financial statements are an integral part of this statement.

Library		Perm	Total			
Special		Perpetual	Library	Governmental		
	Revenue	Cemetery	Endowment	Funds		
\$	123,893	\$ 1,166,47°	9 \$ 94,619 689,234	\$ 7,066,374 849,107		
	-	-	-	733,811		
	-	-	-	24,756		
	-		<u> </u>	6,073		
<u>\$</u>	123,893	<u>\$ 1,166,479</u>	9 \$ 783,853	\$ 8,680,121		
\$	-	\$ - -	\$ - - -	\$ 68,457 446,955 6,073		
	- 1			521,485		
	-	-	•	246,192		
		-	-	849,225		
	-	4 466 471	n	99,036		
	-	1,166,479		1,166,479		
	-	<b>-</b>	<b>783</b> ,853	783,853		
	- 123,893	•	•	948,863		
		4 166 476	702 052	4,064,988		
	123,893	1,166,479	9 783,853	<u>8,158,636</u>		
\$	123,893	\$ 1,166,479	9 \$ 783,853	\$ 8,680,121		

# KAYSVILLE CITY RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS JUNE 30, 2006

Total fund balance - Governmental Funds		\$ 8,158,636
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		· .
Land Buildings & Improvements, net of 2,304,532 accumulated depreciation Infrastructure, net of 12,741,822 of accumulated depreciation Furniture & Equipment, net of 590,899 accumulated depreciation Vehicles, net of 1,999,796 accumulated depreciation	3,561,325 7,173,861 11,460,965 375,907 535,374	23,107,432
Long-term liabilities that pertain to governmental funds, including bonds payable, are not due and payable in the current period and therefore are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net assets. Balances at year-end are:		
Bonds Payable Note Payable	(940,000) (1,061,820)	
Lease/Purchase Agreement Compensated Absences	(19,494) (199,274)	(2,220,588)

**Total Net Assets - Governmental Activities** 

\$ 29,045,480

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#### **KAYSVILLE CITY**

# RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENT FUNDS TO THE STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2006

Net change in fund balances-total governmental funds		\$ 2,233,869
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$4,000 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Capital outlays	2,621,281	
Depreciation expense	(1,077,929)	1,543,352
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. The amount of debt principal and compensated absences paid are as follows:		
Repayment of note payable	270,732	
Repayment of capital lease	40,126	
Repayment of bond principal	168,000	
Compensated absences	168,516	647,374
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in		
governmental funds - changes in long-term compensated absences payable.		(185,711)

\$ 4,238,884

Change in net assets of governmental activities

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# KAYSVILLE CITY STATEMENT OF NET ASSETS PROPRIETARY FUNDS - BUSINESS-TYPE ACTIVITIES JUNE 30, 2006

	Water		Sewer
ASSETS			
Current Assets:			
Cash	\$ 504,884	\$	671,796
Accounts Receivable (Net of Allowance for Uncollectibles)	-		-
Inventory	-		-
Interfund Receivables			-
Total Current Assets	<b>504</b> ,884		671,796
Noncurrent Assets			
Capital Assets:			
Land	120,094		-
Net Depreciable Capital Assets	11,080,908		27,526
Water Stock	52,140		,
Total Noncurrent Assets	11,253,142		27,526
Total Assets	\$ 11,758,026	<u> </u>	699,322
LIABILITIES AND FUND EQUITY			
Current Liabilities:			
Accounts Payable	<b>\$</b> -	\$	-
Deposits			-
Interfund Payables	_		, <del>-</del>
Noncurrent Liabilities Due Within One Year	14,514		-
Total Current Liabilities	14,514		-
Noncurrent Liabilities			
Due In More Than One Year	3,629		-
Total Noncurrent Liabilities	3,629		-
Total Liabilities	18,143		
NET ASSETS			
Investments in Capital Assets, Net of Related Debt	11,253,142	:	27,526
Restricted for:	700		
Water Impact	706,473		-
Unrestricted	(219,732	_	671,796
Total Net Assets	11,739,883	<u>.</u>	699,322
Total Liabilities and Net Assets	\$ 11,758,026	\$	699,322

Electric	Pressure Irrigation	Sanitation	Storm Water	Ambulance	Total
\$ 4,633,894	\$ 13,953	\$ 594,275	<b>\$</b> -	<b>\$</b> -	\$ 6,418,802
1,629,840	-	-	-	<b>148,880</b>	1,778,720
405,250	-	-	•	•	<b>405</b> ,250
230,667		-	-		230,667
6,899,651	13,953	594,275		148,880	8,833,439
1,395,397	16,321	-	-		1,531,812
12,487,514	•	256,946	4,904,510	45,227	28,802,631
	<b>2,590,850</b>	•	•	-	2,642,990
13,882,911	2,607,171	256,946	4,904,510	45,227	32,977,433
\$ 20,782,562	\$ 2,621,124	\$ 851,221	\$ 4,904,510	\$ 194,107	\$ 41,810,872
\$ 863,133 48,550	<b>\$</b> -	\$ -	\$ -	<b>\$</b> -	\$ 863,133
-40,550	-	-	- 47,683	- 182,984	48,550 230 667
29,997	-	21,457	3,885	45,395	230,667 115,248
941,680	-	21,457	51,568	228,379	1,257,598
7,500	<u> </u>	22,392	971		34,492
7,500		22,392	971	•	34,492
949,180	-	43,849	52,539	228,379	1,292,090
40.000.044					
13,882,911	2,607,171	213,097	4,899,654	(168)	32,883,333
- 5,95 <b>0,4</b> 71	13,9 <b>53</b>	- <b>594,275</b>	(47,683)	- (34,104)	706,473 6, <b>928</b> ,976
19,833,382	2,621,124	807,372	4,851,971	(34,272)	40,518,782
\$ 20,782,562	\$ 2,621,124	\$ 851,221	\$ 4,904,510	\$ 194,107	\$ 41,810,872

# KAYSVILLE CITY STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS PROPRIETARY FUNDS - BUSINESS-TYPE ACTIVITIES YEAR ENDED JUNE 30, 2006

	Water	Sewer
Operating Revenues:		
Charges for Services	\$ 1,409,478	\$ 1,386,456
Total Operating Revenues	1,409,478	1,386,456
Operating Expenses:		
Personnel Services	381,588	13,206
Contractual Services	55,254	1,258,128
Administrative Charges from General Fund	116,250	52,500
Purchases Water/Treatment/Power/Refuse	386,322	-
Supplies and Miscellaneous Operating	121,350	-
Equipment and Maintenance	142,532	-
Energy Sales and Use Tax Charge	-	-
Bad Debt Expense	-	-
Depreciation	266,504	688
Total Operating Expenses	1,469,800	1,324,522
Operating Income (Loss)	(60,322)	61,934
Non-Operating Revenues (Expenses):		
Connection Fees	109,909	
Extension Fees	•	<u>.</u> .
Impact Fees	156,771	_
Sale of Property		<u>.</u>
Interest Income	22,508	-
Interest Expense	,	<u>.</u> .
Total Non-Operating Revenues (Expenses)	289,188	-
Income (Loss) Before Contributions and Transfers	228,866	61,934
Contributions From Developers	641,909	-
Transfers In (Out)):		
General Fund	-	•
Capital Projects Fund	(125,000)	(125,000)
Change in Net Assets	745,775	(63,066)
Total Net Assets - Beginning	10,994,108	762,388
Total Net Assets - Ending	\$ 11,739,883	\$ 699,322

Electric	Pressure Irrigation	Sanitation	Storm Water	Ambulance	Total
\$ 9,394,669	\$ 781,165	\$ 1,284,796	\$ 720,480	\$ 342,506	\$ 15,319,550
9,394,669	781,165	1,284,796	720,480	342,506	15,319,550
66 <b>7,26</b> 5 201,507 17 <b>7,</b> 729	4,544 739,849 32,087	21,030 1,088,234 35,004	88,683 - 35,004	<b>276</b> ,27 <b>3</b> 63,956	1,452,589 3,406,928
7,518,834	-	-	•	-	44 <b>8,5</b> 74 7,905,156
183,672 994,404 480,227	1,116 - -	2,781 5,472 -	13,249 366,655 -	9,841 <b>22,507</b> -	332,009 1,531,570 480,227
65,557 <b>428,099</b>	•	- <b>26</b> ,600	223,864	33,186 44,126	98,743 989,881
10,717,294	777,596	1,179,121	727,455	449,889	16,645,677
(1,322,625)	3,569	105,675	(6,975)	(107,383)	(1,326,127)
				÷	
11,335	-	-	•	-	121,244
1,233,083	• -	-	•	-	1,233,083
430,115 <b>973,60</b> 2	-	-	-	-	586,886 973,602
132,107	-	_	•	-	154,615
	<u> </u>	(2,808)		(3,867)	(6,675)
2,780,242	-	(2,808)	-	(3,867)	3,062,755
1,457,617	3,569	102,867	(6,975)	(111,250)	1,736,628
-	1,011,000	-	617,166	-	2,270,075
-	-	-	-	175,000	175,000
-		· <u>-</u>	(125,000)	-	(375,000)
1,457,617	1,014,569	102,867	485,191	63,750	3,806,703
18,375,765	1,606,555	704,505	4,366,780	(98,022)	36,712,079
\$ 19,833,382	\$ 2,621,124	\$ 807,372	\$ 4,851,971	\$ (34,272)	\$ 40,518,782

# KAYSVILLE CITY STATEMENT OF CASH FLOWS PROPRIETARY FUNDS - BUSINESS-TYPE ACTIVITIES YEAR ENDED JUNE 30, 2006

	Water	Sewer
CASH FLOWS FROM OPERATING ACTIVITIES:  Cash Received from Customers  Cash Payments to Suppliers for Goods and Services  Cash Payments to Employees for Services  Cash Payments for Interfund Services	\$ 1,409,478 (705,458) (378,137) (116,250)	\$ 1,386,456 (1,258,128) (13,206) (52,500)
Net Cash Provided (Used) by Operating Activities	209,633	62,622
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES: Change In Interfund Borrowings Transfers In (Out)	(125,000)	- (1 <b>25</b> ,000)
Net Cash Used in Non-Capital Financing Activities	(125,000)	(125,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: Impact, Extension and Connection Fees Acquisition of Capital Assets Principal Paid on Bonds and Notes Proceeds From Sale of Capital Assets	266,680 (1,317,568) - -	- - -
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,050,888)	
CASH FLOWS FROM INVESTING ACTIVITIES: Interest Received Interest Paid	22,508	-
Net Cash Provided (Used) from Investing Activities	22,508	
Net Increase (Decrease) in Cash and Cash Equivalents	(943,747)	(62,378)
Cash/Equivalents at Beginning of Year	1,448,631	734,174
Cash/Equivalents at End of Year	\$ 504,884	\$ 671,796
CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating Income (Loss)  Reconciliation Adjustments:  Depreciation  Bad Debt Expense	\$ (60,322) 266,504 -	\$ 61,934 688
Changes in Assets and Liabilities: Changes in Receivables Changes in Accounts Payable Changes in Compensated Absences	- - 3,451	- - -
Total Adjustments	269,955	688
Net Cash (Used) Provided by Operating Activities	\$ 209,633	\$ 62,622
Noncash investing and capital activities: Contributions from Developers	641,909	

Electric	Pressure Irrigation	Sanitation	Storm Water	Ambulance	Total
			Otoliii Water	Ambulance	IOIai
\$ 9,096,579 (9,182,536) (665,100) (177,729)	\$ 781,165 (740,965) (4,544) (32,087)	\$ 1,284,796 (1,096,487) (21,030) (35,004)	\$ 720,480 (414,908) (83,827)	\$ 316,905 (129,490) (276,273)	\$ 14,995,859 (13,527,972) (1,442,117) (413,570)
(928,786)	3,569	132,275	221,745	(88,858)	(387,800)
135,517  135,517	<u> </u>	<u>.</u>	(96,745) (125,000) (221,745)	(38,772) 175,000 136,228	(200,000) (200,000)
					(200,000)
1,674,533 (2,896,622) 973,602 (248,487)	- - - - -	(38,520) (20,561)  (59,081)	- - - -	- (43,503) - (43,503)	1,941,213 (4,252,710) (64,064) 973,602 (1,401,959)
132,107	<u>.</u> .	(2,808)	-	(3,867)	154,615 (6,675)
132,107		(2,808)	<u> </u>	(3,867)	147,940
(909,649)	3,569	70,386			(1,841,819)
5,543,543	10,384	523,889			8,260,621
\$ 4,633,894	\$ 13,953	\$ 594,275	\$ -	<u>\$</u> -	\$ 6,418,802
\$ (1,322,625)	\$ 3,569	\$ 105,675	\$ (6,975)	\$ (107,383)	\$ (1,326,127)
<b>428,099</b> 65,557	<u>.</u>	<b>26,600</b> -	<b>223,864</b> -	4 <b>4,12</b> 6 33,186	<b>989,881</b> 98,743
(29 <b>8,09</b> 0) 196,108 <b>2,16</b> 5	-	<u>.</u> 	- - 4,856	(58,787) - -	(356,877) 196,108 10,472
393,839		26,600	228,720	18,525	938,327
\$ (928,786)	\$ 3,569	\$ 132,275	\$ 221,745	\$ (88,858)	\$ (387,800)
-	1,011,000	• •	617,166	•	2,270,075

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# NOTES TO BASIC FINANCIAL STATEMENTS

#### KAYSVILLE CITY NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2006

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Reporting Entity**

Kaysville City was settled in 1850 and on March 15, 1968 was incorporated. Kaysville operates under a Council-manager form of government. The Mayor and the five City Council members are elected at large with staggered terms. The City provides the following services: Public safety (police and fire), public utilities (water, sewer, electric, sanitation, pressure irrigation, and storm water), streets, library, parks, recreation, public works, planning and zoning, code enforcement and general administrative services.

The City's financial statements are prepared in accordance with generally accepted accounting principles (GAAP) The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable that do not conflict with or contradict GASB pronouncements). Although the City has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the City has chosen not to do so. The more significant accounting policies established in GAAP and used by the City are discussed below.

In defining the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth by the Governmental Accounting Standards Board (GASB).

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis-for State and Local Governments. Certain of the significant changes in the Statement include the financial statements prepared using full accrual accounting for all of the City's activities, including infrastructure (roads, bridges, etc.) and a change in the fund financial statements focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements). The City elected to implement the general provisions of the Statement in the year ended June 30, 2003 and has retroactively reported infrastructure (assets acquired prior to June 30, 2002).

#### **Blended Component Units**

Municipal Building Authority of Kaysville City, Utah (MBA). The MBA's governing board is financially dependent upon the government. There was no activity during the year.

#### **Basic Financial Statements - Government-Wide Statements:**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the City. Government activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which primarily rely on fees and charges for support.

The City's basic financial statements include both governmental-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include reconciliation with brief explanations to better identify the relationship between the government-wide financial statements and the statements for governmental funds. The primary effect of internal activity has been eliminated from the government-wide financial statements.

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The government-wide statement of activities presents a comparison between expenses, both direct and indirect, and program revenues for each segment of the business-type activities of the city and for each governmental program. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Indirect expenses for centralized services and administrative over-head are allocated among the programs.

Functions and segments using a full cost allocation approach are presented separately to enhance comparability of direct expenses between governments that allocate direct expenses and those that do not. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the government.

The City has the following fund types:

**Governmental funds** are used to account for the City's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the accrual basis of accounting.

Property taxes, franchise taxes, licenses, and interest are susceptible to accrual. Other receipts and taxes become measurable and available when cash is received by the City and are recognized as revenue at that time.

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

Governmental funds include the following fund types:

<u>General Fund</u> is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

<u>Capital Projects Fund</u> account for the acquisition of capital assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds.

<u>Debt Service Fund</u> account for resources accumulated and payments made for principal and interest in general obligations for the city.

<u>Library Special Revenue Fund</u> accounts for revenue sources that are restricted to expenditures for the specific purpose of the library.

<u>Perpetual Cemetery Fund</u> is used to account for perpetual care fees and the improvement and maintenance of cemeteries.

<u>Library Endowment Fund</u> is used to account for a permanent endowment donated solely for the use of the library. The principal endowment may not be used for any purpose, including the library. However, the interest earnings from this principal is expendable for the library.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Proprietary funds** are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The City applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Each proprietary fund in the City is used for its respective utility or function as indicated by the title of the fund.

<u>Enterprise Funds</u> are required to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs.

The City has a total of thirteen funds, including six governmental funds and seven proprietary funds.

#### Measurement Focus and Basis of Accounting

The accounts of Kaysville City are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

## Accrual:

Both governmental and business-type activities in the government-wide financial statements and the proprietary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

#### **Modified Accrual:**

The governmental funds financial statements are presented on the modified accrual basis. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period. The government considers all revenues available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on Long-term liabilities which is recognized when due, and certain compensated absences, claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

#### Assets, Liabilities and Equity

#### **Deposits and Investments**

Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, repurchase agreements and the State Treasurer's Investment Pool.

Investments are stated at cost which approximates fair value.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Advances between funds are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

Property taxes are recognized when they are measurable and available. Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on June 15 and are due on November 30. City property tax revenues are not recognized when levied because they are not expected to be collected within 60 days after the end of the current year. This policy meets the criteria of the Governmental Accounting Standards Board Codification, Section P70.

## **Inventories and Prepaid Items**

Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

#### Capital Assets

Capital assets used in governmental fund types of the government are reported in the applicable governmental or proprietary fund columns in the financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$4,000 (amount not rounded) and an estimated useful life in excess of two years. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are recorded at their estimated fair market value at the date of donation.

Property, plant and equipment in the proprietary funds of the government are recorded at cost. Property, plant and equipment donated to these proprietary fund type operations are recorded at their estimated fair value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Major outlays for capital assets and improvements are capitalized in proprietary funds as projects are constructed. Interest incurred during the construction phase of proprietary fund capital assets is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

# 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### **Capital Assets (Continued)**

Property, plant and equipment are depreciated in the proprietary and similar trust funds of the government using the straight line method over the following estimated useful lives:

Assets	Years
Buildings	50
Water System	50
Electrical System	35
Vehicles	5
Equipment	7

#### **Compensated Absences**

The City accrues accumulated unpaid vacation and sick leave and associated employee-related costs when earned (or estimated to be earned) by the employee. Typically the general fund liquidates approximately 60% of the liability for compensated absences while the water fund and the electric fund each liquidate approximately 20% of the liability.

For reporting purposes, the City's proprietary funds report the amounts accrued for all employees as a liability, while the governmental fund financial statements only report a liability for matured compensated absences for terminated employees. The governmental funds liability balance for all employees is maintained separately and represents a reconciling item between the fund and government-wide presentations.

#### Long-term Liabilities

The City reports long-term liabilities of governmental funds at face value in the applicable governmental fund, enterprise fund or proprietary fund type balance sheet. Certain other governmental fund liabilities not expected to be financed with current available financial resources are also reported in the applicable fund type. Long-term liabilities and other obligations financed by proprietary funds are reported as liabilities in the appropriate funds.

For governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized during the current period. Bond proceeds are reported as another financial source net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. For proprietary fund types, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are reported as deferred charges.

#### **Equity**

#### Fund financial statements

Reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. Reservations are limited to outside third-party restrictions. Designations of fund balance represent tentative management plans that are subject to change.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### **Equity (Continued)**

Government-wide Statements

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

It is the City's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

#### Interfund Transactions

Interfund services provided and used are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except interfund services provided and used, are reported as transfers. All other interfund transfers are reported as non-operating transfers.

#### Operating Revenues and Expenses

Operating revenues and expenses in the proprietary funds consist of those revenues that result from the ongoing principal operations of the City. Operating revenues consist of charges for services. Nonoperating revenues and expenses consist of those revenues and expenses that are related to financing and investing type activities and result from nonexchange transactions or ancillary activities.

#### **Budget Information**

Annual budgets are prepared and adopted in accordance with the "Uniform Fiscal Procedures Act for Utah Cities" by the Kaysville City Council on or before June 22nd for the following fiscal year which begins on July 1 for all the funds. Budgets may be increased by resolution of the City Council at any time during the year, following a public hearing. Budgets are adopted at sub-department levels; however, budget amendments by resolution are generally required only if the department desires to exceed its total budget appropriation.

Budgets are adopted on a basis consistent with generally accepted accounting principles.

# 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

## **Budget Information (Continued)**

The City adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

- On or before the first regular scheduled meeting in May, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means to finance
- 2. Prior to the formal adoption of the budget, the City Council will hold budget workshop meetings which are open to the public.
- Prior to budget adoption the City Council sets a date for a public budget hearing at which time taxpayers' comments are heard. Copies of the proposed budget are made available for public inspection 10 days prior to the budget hearing. At the conclusion of the budget hearing the budget, as amended, is legally enacted through passage of a resolution.
- 4. Formal budgetary integration is employed as a management control device during the year for the General Fund, Capital Projects Fund and Enterprise Funds.
- 5. Budgets for the General Fund and the Capital Projects Fund are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP). Budgets for the proprietary fund types are prepared using the accrual basis of accounting except that depreciation for all proprietary fund types is not budgeted. Budgeted amounts are as originally adopted, or as amended by the City Council during the 2005/2006 fiscal year.
- 6. Unencumbered budget appropriations lapse at the end of the fiscal year.
- 7. Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the General Fund. For budgetary purposes appropriations lapse at fiscal year end and except for that portion related to encumbered amounts. Encumbrances outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

#### Summary of Action Required for Budget Changes

- 1. Transfers of unexpended appropriations from one division to another and from one expenditure account to another in the same division can be made with the consent of the Budget Officer.
- 2. The Council may, by resolution, transfer unexpended appropriations from one department to another department within the same fund. The budget appropriation for any department may be reduced by resolution.
- 3. Fund budgets may be increased by resolution after a public hearing. Final amendments to budgets in the current year shall be adopted by the Council by the last day of the fiscal year. Budgets of Enterprise Funds may be increased by resolution of the governing body (public hearing not required).

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### **Restricted Net Assets**

All of the City's reserve fund balances are also considered restricted net assets.

General Fund - all unexpended Class "C" Road payments at the end of the fiscal year are restricted by state law to be appropriated in the following budget year.

<u>Park Development</u> - represents the unexpended impact fees restricted by state law. The unexpended balance is to be used for new parks to be developed throughout the City.

<u>Transportation Impact Fee</u> – represents the unexpended impact fees restricted by state law. The unexpended balance is to be used for roadway facilities.

<u>Public Safety Impact Fee</u> – represents the unexpended impact fees restricted by state law. The unexpended balance is to be used for public safety.

<u>Water Impact Fees</u> - a water impact fee is charged on all new construction permits. The use of these fees is limited by state law to be used for capital outlay in the water fund. Accordingly, net assets have been restricted.

<u>Electric Impact Fees</u> - a capacity impact fee is charged on all new construction permits. The use of these fees is limited by state law to be used for capital outlay in the electric fund. Accordingly, net assets have been restricted.

<u>Perpetual Cemetery</u> - the cemetery fund has a restriction of part of lot sales which is used for perpetual care. The restriction is set by city ordinance.

<u>Library Endowment</u> - the library endowment restriction is imposed by a contributor. The principal portion of the contribution is fully restricted, thus only the interest earned on the principal may be used and is restricted for library expenditures.

<u>Debt Service</u> – The Municipal Building Authority has investments which are held in reserve for servicing the debt of the 2002 Series Bonds.

#### 2. DEPOSITS AND INVESTMENTS

The City maintains a cash and investment pool that is available for use by all funds. Cash includes amounts in demand deposits as well as time deposits. Investments are stated at cost or amortized cost, which approximates fair value. Each fund's portion of this pool is displayed as "Cash and Cash Equivalents' which also includes cash accounts that are separately held by some of the City's funds. Deposits are not collateralized nor are they required to be by State statute.

The City follows the requirements of the Utah Money Management Act (*Utah Code*, Section 51, Chapter 7) in handling its depository and investment transactions. This Act requires the depositing of city funds in a "qualified depository". The Act defines a "qualified depository" as any financial institution whose deposits are insured by an agency of the Federal government and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

## 2. DEPOSITS AND INVESTMENTS (Continued)

#### **Deposits**

Custodial credit risk – Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a formal deposit policy for custodial credit risk. As of June 30, 2006, \$2,733,291 of the City's bank balances of \$3,033,291 was uninsured and uncollateralized.

#### Investments

The Money Management Act defines the types of securities authorized as appropriate investments for the City and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities.

Statutes authorize the City to invest in negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investors Services or Standard & Poor's; bankers' acceptances; obligations of the United States Treasury including bills, notes, and bonds; bonds, notes and other evidence of indebtedness of political subdivision of the State; fixed rate corporate obligations and variable rate securities rated "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the Act; and the Utah State Public Treasurer's Investment Fund (PTIF).

The PTIF is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act, Section 51-7, *Utah Code Annotated*, 1953, as amended. The Act established the Money Management Council which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

The PTIF operates and reports to participants on an amortized cost basis. The income, gains and losses – net of administration fees, of the PTIF are allocated based upon the participant's average daily balance. The fair value of the PTIF Investment pool is approximately equal to the value of the pool shares.

As of June 30, 2006, the City had the following investments and maturities:

		Investment Maturities (in Years)				
Investment Type	Fair Value	Less than 1	1-5	6-10	More than	Quality Ratings
PTIF Investments	12,733,327	12,733,327	-		-	not rated
Money market	159,873	159,873			-	not rated
Certificate of deposit	689,234	<del></del>	689,234			not rated
	13,582,434	12,893,200	689,234			

## 2. DEPOSITS AND INVESTMENTS (Continued)

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Interest rate risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City manages its exposure to declines in fair value by investing mainly in the Utah Public Treasurers Investment Fund and by adhering to the Money Management Act. The Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity of commercial paper to 270 days or less and fixed rate negotiable deposits and corporate obligations to 365 days or less. Maturities of the City's investments are noted in the previous table.

Credit risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's policy for reducing its exposure to credit risk is to comply with the State's Money Management Act as previously discussed.

Concentration of credit risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City's policy for reducing this risk of loss is to comply with the Rules of the Money Management Council. Rule 17 of the Money Management Council limits investments in a single issuer of commercial paper and corporate obligations to 5-10% depending upon the total dollar held in the portfolio. The City's investment in the Utah Public Treasurer's Investment Fund has no concentration of credit risk.

Custodial credit risk (investments) – For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have a formal policy for custodial credit risk. The City's investment in the Utah Public Treasurer's Investment Fund has no custodial credit risk.

Components of cash and investments (including interest earning deposits) at June 30, 2006, are as follows:

Cash on hand and on deposit:		
Cash on hand	\$	150
Cash on deposit	7	51,699
PTIF investment	12,7	33,327
Money market	1	59,873
Certificate of deposits	6	89,234
Total cash and investments	<b>\$14</b> ,3	34,283
Cash and investments are included in the accompanying combined statement of net assets as follows:		·
Cash and cash equivalents	<b>\$1</b> 3,4	85,176
Investments	8	49,107
Total cash and investments	<b>\$14</b> ,3	34,283

## 3. ACCOUNTS RECEIVABLE

Receivables as of the fiscal year end, including the applicable allowances for uncollectible accounts, are as follows:

	General	Electric	Ambulance	Total
Receivables:				
Intergovernmental	\$ 733,811	\$ -	\$ -	\$ 733,811
Utility and Service charges		1,762,795	182,065	1,944,860
Gross receivables	733,811	1,762,795	182,065	2,678,671
Allowance for uncollectibles		(132,955)	(33,185)	(166,140)
Net total receivables	\$ 733,811	\$1,629,840	\$ 148,880	\$2,512,531

## 4. NOTES RECEIVABLE

Under the Community Development Block Grant Program the City has loaned money to eligible individuals and businesses for rehabilitation of their real estate. As of June 30, 2006 there are 3 loans outstanding. An equal amount of deferred revenue has been recorded.

	General Fund		
Community Development	\$	6,073	
Less: Allowance for Uncollectible			
Net Receivable	\$	6,073	

## 5. CAPITAL ASSETS

Capital asset activity in the governmental activities for the year ended June 30, 2006, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 3,561,325	<u> </u>	<b>\$</b> -	<b>\$</b> 3,5 <b>61,</b> 325
Total capital assets, not being				
depreciated	3,561,325	-	-	3,5 <b>61,</b> 325
Capital assets, being depreciated				
Infrastructure	22,501,614	1,701,173	-	24,202,787
Buildings and improvements	8,744,791	733,602	-	9,478,393
Vehicles	2,523,733	84,184	(72,747)	2,5 <b>35,1</b> 70
Furniture and Equipment	912,751	102,322	(48,267)	966,806
Total capital assets, being depreciated	34,682,889	2,621,281	(121,014)	37,183,156
Accumulated Depreciation for:				
Infrastructure	(12,161,166)	(580,656)	-	(12,741,822)
Buildings and improvements	(2,088,081)	(216,451)	-	(2,304,532)
Vehicles	(1,872,068)	(200,475)	72,7 <b>47</b>	(1,999,796)
Furniture and Equipment	(558,885)	(80,281)	48,267	(590,899)
Total accumulated depreciation	(16,680,200)	(1,077,863)	121,014	_(17,637,049)
Total capital assets, being depreciated, net	18,002,689	1,543,418	<u> </u>	19,546,107
Governmental activities capital assets, net	\$21,564,014	\$1,543,418	\$ -	\$23,107,432

Depreciation expense was charged to functions as follows:

## Governmental Activities:

General Government	\$	14,410
Public Safety		
Police		<b>63</b> ,531
Fire		135,372
Public Works		683,892
Parks and Public Properties		<b>164</b> ,016
Recreation and Community Events	-	16,708
Total Governmental Activities Depreciation Expense	\$ ^	1,077,929

# 5. CAPITAL ASSETS (Continued)

Capital asset activity in the business-type activities for the year ended June 30, 2006, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets, not being depreciated				
Land '	<b>\$ 1,531,812</b>	\$ -	\$ -	<b>\$</b> 1,5 <b>31</b> ,812
Water Stock	1,631,990	1,011,000	-	2,642,990
Total capital assets, not being				<del></del>
depreciated	3,163,802	1,011,000	-	4,174,802
Capital assets, being depreciated				•
Buildings and improvements	35,931,719	5,475,659	_	41,407,378
Vehicles	1,031,242	145,110	(8,790)	1,167,562
Machinery and Equipment	901,479	38,520	(149,248)	790,751
Total capital assets, being depreciated	37,864,440	5,659,289	(158,038)	43,365,691
Accumulated Depreciation for:				
Buildings and improvements	(12,210,033)	(864,431)	_	(13,074,464)
Vehicles	(765,680)	(138,912)	8,7 <b>90</b>	(895,802)
Machinery and Equipment	(610,057)	(41,018)	58,310	(592,765)
Total accumulated depreciation Total capital assets, being depreciated,	(13,585,770)	(1,044,361)	67,100	(14,563,031)
net	24,278,670	4,614,928	(90,938)	28,802,660
Business-type activities capital assets, net	\$27,442,472	\$5,625,928	\$ (90,938)	\$32,977,462

Depreciation expense was charged to functions as follows:

## **Business-type Activities:**

Water	S	266,504
Sewer	•	688
Electric		428,099
Sanitation		26,600
Storm Water		223,864
Ambulance		44,126
Total Business-type Activities Depreciation Expense	\$	989,881

## 5. CAPITAL ASSETS (Continued)

Capital assets by proprietary fund are as follows:

	Water Utility	Sewer Utility	Electric Utility	Pressure Irrigation	Sanitation Utility	Storm Water	Ambulance	Total
Land	<b>\$</b> 120, <b>094</b>	\$ -	\$1,395,397	\$ 16,321	\$ -	\$ -	\$ -	\$ 1,531,812
Water Stock	52,140	<u>.</u> .	-	2,590,850	-	-	-	2,642,990
Buildings	123,869	41,291	66 <b>0,63</b> 6	-	-	-	_	<b>82</b> 5,79 <b>6</b> '
Improvements	14,468,485	-	16,541,382	-		9,571,719	-	40,581,586
Equipment	51,100	-	150,860	-	582,932	-	5,858	<b>79</b> 0,75 <b>0</b>
Vehicles	238,501		569,251		145,110	-	214,700	1,167,562
Total	15,054,189	41,291	19,317,526	2,607,171	728,042	9,571,719	<b>220</b> ,558	47,540,496
Accum. Depr.	(3,801,047)	(13,765)	(5,434,615)	-	(471,096)	(4,667,209)	(175,331)	(14,563,063)
Net	<b>\$11,253,142</b>	\$ 27,526	\$13,882,911	\$2,607,171	\$ 256,946	\$4,904,510	<b>\$ 45,22</b> 7	\$32 <u>,9</u> 77,433

#### 6. **DEPOSITS**

General Fund - Deposits in the general fund as of June 30, 2006 are as follows:

Business license bonds refundable	\$ 1,200
Builders' deposits	432,020
Other deposits	<b>13,735</b>
Τ΄otal	<b>\$ 446,955</b>

<u>Enterprise Funds</u> - All utility and developer's deposits are recorded in the electric utility fund. As of June 30, 2006 deposits are as follows:

Utility deposits	<u>\$ 48,550</u>
Total deposits	<u>\$ 48,550</u>

## 7. LEASES

The City has entered into three lease purchase agreements. These lease agreements qualify for capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments. All amortization expense for the capital leases has been included in depreciation expense.

The assets acquired through capital leases are as follows:

		Business-ty	pe Activities
	Governmental Activities	Sanitation Fund	Ambulance Fund
Buildings and Improvements Equipment Vehicles	\$ 1,9 <b>09,</b> 764 - -	\$ - 145,110	\$ - - 21 <b>4,7</b> 70
Less: Accumulated Amortization	(190,976)	(58,044)	(171,816)
Total	<b>\$</b> 1,718,788	\$ 87,066	\$ <b>42</b> ,954

#### 7. LEASES (Continued)

#### Governmental activities:

The City has entered into a lease agreement as lessee for financing the land for the City's new fire station. The lease was issued in August of 1998. Semi-annual payments are made on January 1 and July 1 of each year. The lease bears an interest rate of 7.00%. The final payment will be made on July 1, 2006. The Debt Service Fund has been used to liquidate this lease. The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2006, were as follows:

Year Ended	Capital Lease (Fire Station) 7.00%				
June 30,	Principal	Interest	Total		
2007	<u>\$ 19,494</u>	\$ 2,310	\$ 21,804		
Totals	<b>\$</b> 19,494	\$ 2,310	\$ 21,804		

#### Business-type activities:

The City has also entered into two other lease agreements as lessee for the acquisition of a street sweeper and two ambulances. The sweeper lease purchase agreement bears an interest rate of 4.36%. Annual payments are made with the final payment being made in 2008. Payments are made from the Sanitation Fund.

In the statement of activities, \$2,808 in interest expense was charged to the Sanitation Fund as a direct expense for the year ended June 30, 2006.

<b>Year</b> Ended		Capital Lease (Sweeper) 4.36%					
<u>June 30,</u>	Principal		Interest		Total		
2007	\$	21,457	\$	1,9 <b>12</b>	\$	23,369	
2008		22,392	·	977	-	23,369	
Totals	_\$	43,849	\$_	2,889	\$	46,738	

The ambulance lease purchase agreement bears an interest rate of 4.35%. Annual payments are made with the final payment being made in 2008. Payments are made from the Ambulance Fund.

In the statement of activities, \$3,867 in interest expense was charged to the Ambulance Fund as a direct expense for the year ended June 30, 2006.

## 7. LEASES (Continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2006, were as follows:

Year Ended	Capital Lease (Ambulanc 4.35%				
June 30,	Principal	Interest	Total		
2007	\$ 45,395	\$ 1,975	\$ 47,370		
Totals	\$ 45,395	\$ 1,975	\$ 47,370		

#### 8. LONG-TERM LIABILITIES

The City is liable for a note payable issued in December 2002 for the purchase of Angel Street Park. Payments are made annually on May 10 with the final payment being made on May 10, 2010. The note payable bears an interest rate of 5.00%. The amortization of the note is as follows:

<b>Ye</b> ar Ended	Note	Note Payable (Park Land) 5.00%					
June 30,	Principal	Interest	Total				
2007	\$ 284,268	\$ 53,092	\$ 337,360				
2008	61,122	38,878	100,000				
2009	64,178	35,822	100,000				
<b>20</b> 10	652,252	32,613	684,865				
Totals	<b>\$</b> 1,061,820	\$ 160,405	\$ 1,222,225				

The City is liable for the repayment of a bond issued in 2002 to finance the construction of the City's new fire station. Principal and interest are both paid on March 16 of each year and an additional interest payment is made on September 15 of each year. Interest rate changes from year to year and is displayed in the table below. The bonds will mature on March 16, 2011. The amortization of the note is as follows:

Year				Series	2002 Bonds	•	
Ended June 30,	Interest Rate	Principal		Interest		Total	
2007	3.30%	\$	176,000	\$	34,128	\$	210,128
2008	3.50%		179,000		28,320	,	207,320
2009	3.65%		187,000		22,055		209,055
2010	3.75%		195,000		15,230		210,230
2011	3.90%		203,000		7,917		210,917
Totals		\$_	940,000	\$	107,650	\$	1,047,650

## 8. LONG-TERM LIABILITIES (Continued)

Activity with long-term liabilities including capital leases and compensated absences for the year ended June 30, 2006 was as follows:

For the year ended June 30, 2006, \$105,831 in interest was charged to expense in the Governmental Activities and \$6,675 was charged to expense in the Business-type Activities. No interest was capitalized for the year ended June 30, 2006, in Governmental or Business-type Activities.

#### 9. RETIREMENT SYSTEMS

<u>Plan Description</u> - Kaysville City contributes to the Local Governmental Contributory Retirement System, Local Governmental Noncontributory Retirement System and Public Safety Retirement System for employers with Social Security coverage, which is a cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (Systems). The Systems provide retirement benefits, annual cost of living allowances, death benefits and refunds to plan members and beneficiaries in accordance with retirement statutes established and amended by the State Legislature.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 (Chapter 49) as amended, which also established the Utah State Retirement Office (Office) for the administration of the Utah Retirement Systems and plans. Chapter 49 places the Systems, the Office and related plans and programs under the direction of the Utah State Retirement Board whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Systems and Plans. A copy of the report may be obtained by writing to the Utah Retirement System, 540 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

<u>Funding Policy</u> – Plan members in the Local Governmental Contributory Retirement System are required to contribute 6.00% of their annual covered salary (all or part may be paid by the employer for the employee) and Kaysville City is required to contribute 7.08% of their annual covered salary. In the Local Governmental Noncontributory Retirement System Kaysville City is required to contribute 11.09% of their annual covered salary. In the Public Safety Retirement System for employers with Social Security coverage contributory division members are required to contribute 12.29% of their salary (all or part may be paid by the employer for the employee) and Kaysville City is required to contribute 7.95% of their annual salary and 19.34% of their annual covered salary for members in the noncontributory division. The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

<u>Defined Benefit Plan</u> – The Kaysville City Contributions to the Local Governmental Contributory Retirement System for the years ending June 30, 2006, 2005 and 2004 were \$4,796, \$4,193, and \$3,224 respectively and for the Noncontributory Retirement System the contributions for June 30, 2006, 2005 and 2004 were \$223,882, \$204,620, and \$151,483 respectively and for the Public Safety Retirement System contributions for June 30, 2006, 2005 and 2004 were \$142,646, \$125,875, and \$102,072 respectively. The contributions were equal to the required contributions for each year.

<u>Defined Contribution Plan</u> – The City also provides a money purchase plan and a 401-k plan for employees. The plans are adopted and amended by the City Council, administered by the trustees with money management and contract administration provided by The Principal Financial Group. The money purchase plan is funded by the City in an amount which brings all retirement benefits paid by the City to an equal basis. The Plan covers all City employees and participants who are fully vested. The required contributions for the year ended June 30, 2006 totaled \$186,075. The 401-k plan is an elective deferral plan. All City employees may contribute up to 25% of pay. All participants are fully vested. Contributions for the year ended June 30, 2006 totaled approximately \$134,124.

#### 10. RISK MANAGEMENT - CLAIMS AND JUDGEMENTS

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters.

The City maintains commercial insurance for all major programs. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

#### 11. INTERFUND TRANSACTIONS

#### Transfers In/Out

Transfers for the year ended June 30, 2006 were as follows:

	Transfers In					
Transfers Out	Debt Service Fund	Capital Projects Fund	Ambulance Fund	Total		
General Fund	\$ 250,950	\$ 1,500,000	\$ 175,000	\$ 1,925, <b>95</b> 0		
Capital Projects Fund	1,286,223	-	-	1,286, <b>22</b> 3		
Water Fund	-	125,000	-	125, <b>00</b> 0		
Sewer Fund	-	125,000	-	125, <b>00</b> 0		
Storm Water Fund		125,000	<u> </u>	125,000		
Totals	\$ 1,537,173	\$ 1,875,000	\$ 175,000	<b>\$ 3</b> ,587,173		

The above transfers resulted from the normal course of the City's operation. Often, funds are received in a given fund, but those funds are to be used for a purpose in which the expenditures will be made in another fund.

#### Interfund Receivables/Payables

Interfund receivables and payables as of June 30, 2006 were as follows:

		Di	ue fro	m Other Fu	nds	
Due to Other Funds	Stor	m Water	Ar	nbulance		Total
Electric Fund	\$	47,683	_\$	182,984	_\$_	230,667

The above receivables and payables have resulted from the normal course of the City's operations, in which certain funds have borrowed money from other fund(s) in order to pay for operating costs. All interfund borrowings are expected to be paid within a year.

#### 12. PROPERTY TAX

Property taxes are recognized when they are measurable and available. Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and are due on November 30. City property tax revenues are not recognized when levied because they are not expected to be collected within 60 days after the end of the current year. This policy meets the criteria of the Governmental Accounting Standards Board Codification, Section P70.

No revenue is recognized for delinquent taxes as corresponding entries are made to taxes receivable and deferred revenue. Due to the collection process, which is a County function, delinquent property taxes are reported as revenue when received. The County handles the accounting for property tax collections and the collection of delinquencies can take up to five years, at which time property is sold at tax auctions to collect on property tax liens.

#### 13. COMMITMENTS

The City has committed to a construction project on 200 North for the railroad grade separation crossing. The City will participate in this project with the Utah Department of Transportation. The City's estimated cost for the construction project is \$2,258,038.

#### 14. SUBSEQUENT EVENTS

Subsequent to year end the City entered into a contract to purchase 15.01 acres of land as an addition to the City Business Park. The purchase price of the land is set at \$3,923,013. However, the City made a down payment of \$750,000, while the remainder of the purchase price will be paid in 10 equal annual installments of \$317,301 plus interest at the rate of 8%. Payments will begin on July 31, 2007.

#### 15. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Expenditures over budget:

The following individual fund and departments incurred expenditures in excess of budget:

General Fund:	 Budget	Actual		Actual Over Budget	
Community Development	\$ 100,000	\$	153,259	\$	53,259
Transfer to Capital Projects Fund	\$ _	\$	1,500,000	\$	1,500,000

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# REQUIRED SUPPLEMENTARY INFORMATION

**General Fund** 

Library Special Revenue Fund

# KAYSVILLE CITY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL GENERAL FUND YEAR ENDED JUNE 30, 2006

	Budgeted Amounts			Variance with Final Budget Favorable	
	Original	Final	Actual	(Unfavorable)	
Revenues:				(Omavoiabio)	
Taxes:					
Property Taxes - Current	<b>\$ 855</b> ,000	\$ 855,000	\$ 915,900	\$ 60,900	
Property Taxes - Redemptions	50,000	<b>50,000</b>	37,050	(12,950)	
Motor Vehicle Fee in Lieu	220,000	220,000	243,978	23,978	
Sales Tax	2,295,000	2,370,400	2,720,052	349,652	
Utility License Tax	625,000	625,000	504,791	(120,209)	
Energy Sales and Use Charge	469,500	469,500	861,158	391,658	
	4,514,500	4,589,900	5,282,929	693,029	
Licenses and Permits:				•	
Business Licenses	48,000	48,000	51,350	3.350	
Building Permits	425,000	425,000	724,133	299,133	
	473,000	473,000	775,483	302,483	
Intergovernmental:					
Class "C" Road	675,000	675,000	727,034	52,034	
State Liquor Allotment	7,500	7,500	10,005	2,505	
<b>Emergency Medical Services Grant</b>	•	•	5,056	5,056	
Community Development Block Grant	100,000	100,000	132,524	32,524	
	<b>782</b> ,500	782,500	874,619	92,119	
Charges for Services:					
Administrative Charges	<b>531</b> ,725	531,725	504,028	(27,697)	
Zoning	135,000	135,000	233,892	98,892	
Maps and Publications	500	500	475	(25)	
Fire Protection	<b>130</b> ,000	130,000	124,576	(5,424)	
Law Enforcement	60,000	60,000	65,085	5,085	
Streets	<b>10</b> ,000	10, <b>000</b>	15,356	5,356	
Parks and Recreation	336,800	336,800	406,199	69,399	
Landscape Maintenance	3,000	3,000	2,565	(435)	
Cemetery Lots	<b>50</b> ,000	50,000	92,425	42,425	
Burial Fees	48,000	48,000	54,165	6,165	
Miscellaneous Charges	5,000	30,000	134,153_	104,153	
	1,310,025	1,335,025	1,632,919	297,894	
Fines and Forfeitures	70,000	70,000	73,455	3,455	

(continued)

# KAYSVILLE CITY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL GENERAL FUND YEAR ENDED JUNE 30, 2006

·	EAR ENDED JUNE	30, 2006		
	Budgeted /	Amounts		Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Other Revenues:				
Interest Earnings	100,000	100,000	<b>36</b> 5,717	265,717
Rents	24,000	24,000	25,139	1,139
Community Development Payments	· -	-	558	558
Sale of Materials	-		3,353	3,353
Sundry	16,500	16,500	48,232	31,732
Street Improvement Fees	25,000	25,000	36,335	11,335
	165,500	165,500	479,334	313,834
Total Revenues	7,315,525	7,415,925	9,118,739	1,702,814
Expenditures:				
General Government:				
City Council	68,350	68,350	65,835	2,515
City Manager	<b>12</b> 7,6 <b>50</b>	127,650	122,048	5,602
Administrative Services	<b>526,850</b>	<b>521,85</b> 0	498,887	22,963
Geographic Information Systems	111,250	111,250	<b>10</b> 3,07 <b>9</b>	<b>8,1</b> 71
Legal Services	125,000	140,000	134,158	5,842
Elections	17,500	17,500	14,166	3,334
Animal Control	<b>24</b> ,00 <b>0</b>	29,000	28,920	· 80
Fleet Maintenance	<b>15</b> 3,80 <b>0</b>	15 <b>3,80</b> 0	153,151	649
Community Development Block Grant	100,000	100,000	153,259_	(53,259)
	1,254,400	1,269,400	1,273,503	(4,103)
Public Safety:				•
Police Department	1,815,325	1,815,325	1,795,130	20,195
Fire Department	322,300	322,300	309,176	13,124
	2,137,625	2,137,625	2,104,306	33,319
Community Development:				
Planning and Zoning	<b>20</b> 5,200	<b>205,200</b>	184,115	21,085
Code Enforcement	290,800	290,800	266,651	24,149
	496,000	496,000	450,766	45,234
Public Works:				
Public Works	<b>65</b> 1,650	701,650	689,396	12,254
Class "C" Roads	1,260,000	1,260,000	1,143,813	116,187
	1,911,650	1,961 <b>,6</b> 50	1,833,209	128,441

(continued)

# KAYSVILLE CITY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL GENERAL FUND YEAR ENDED JUNE 30, 2006

	· LAN LINDLD COIN	L 00, 2000			
	Budgeted Amounts			Variance with Final Budget Favorable	
	Original	Final	Actual	(Unfavorable)	
Parks, Recreation and Public Properties:					
Buildings	143,600	143,600	138.064	5.536	
Parks	554,600	565,000	<b>560</b> ,509	4,491	
Recreation	555,800	555,800	553,293	2,507	
Community Events	56,800	81,800	80,906	2,307 894	
Cemetery	149,100	149,100	129,110	19,990	
	1,459,900	1,495,300	1,461,882	33,418	
Total Expenditures	7,259,575	7,359,975	7,123,666	236,309	
Evene (Definionary) of Devenues					
Excess (Deficiency) of Revenues over Expenditures	<b>55</b> ,950	55,950	1,995,073	1,939,123	
	<u> </u>		<del></del>		
Other Financing Sources (Uses):					
Appropriation from Fund Balance Transfers (Out):	20,000	20,000	-	(20,000)	
Debt Service Fund	(250,950)	(250,950)	(250,950)		
Ambulance Fund	(175,000)	(175, <b>00</b> 0)	(175,000)	•	
Capital Projects Fund	(17.5,000)	(175,000)	•	(4 500 000)	
Electric Fund	3 <b>50</b> ,000	350, <b>000</b>	(1 <b>,50</b> 0,000) -	(1,500,000) (350,000)	
	(55,950)	(55,950)	(1,925,950)	(1,870,000)	
Excess (Deficiency) of Revenues and					
Other Sources over Expenditures and Other Uses	-	-	69,123	69,123	
Fund Balance - July 1	3,159,898	3,159,898	3,159,898		
Fund Balance - June 30	\$ 3,159,898	\$ 3,159,898	\$ 3,229,021	\$ 69,123	
	The state of the s				

# KAYSVILLE CITY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL MAJOR SPECIAL REVENUE FUND YEAR ENDED JUNE 30, 2006

	Bu	dgeted Am	ounts		Fina	ance with al Budget vorable
	Origin		Final	Actual		avorable)
REVENUES:				 		<u>,</u>
Taxes	\$ 307	,000 \$	307,000	\$ 317,840	\$	10,840
Library Grant	-	•	-	10,318		10,318
Library Use Fees	15	,000	15,000	13,459		(1,541)
Miscellaneous Charges			-	 2,277		2,277
Total Revenues	322	,000	322,000	 343,894		21,894
EXPENDITURES:						
Library	322	,000	322,000	 330,378		(8,378)
Total Expenditures	322	,000_	322,000	 330,378		(8,378)
Excess (Deficiency) of Revenues						
over Expenditures				 13,516		13,516
Other Financing Sources (Uses): Transfers In (Out):						
General Fund	-		-	-		-
Debt Service Fund			-	 -		-
				 -		-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures						
and Other Financing Uses			-	 13,516		13,516
Fund Balance at Beginning of Year	110	,377	110,377	 110,377		-
Fund Balance at End of Year	\$ 110	,377 <u>\$</u>	110,377	\$ 123,893	\$	13,516

# OTHER SUPPLEMENTARY INFORMATION

**Debt Service Fund** 

Capital Projects Fund

**Impact Fee Reporting** 

# KAYSVILLE CITY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL MAJOR DEBT SERVICE FUND YEAR ENDED JUNE 30, 2006

	Budgeted	l Amounts		Variance with Final Budget Favorable
REVENUES	Original	Final	Actual	(Unfavorable)
Park Development Impact Fees Other Revenues	\$ - -	\$ <u>-</u>	\$ 112,959 365	\$ 112,959 365
Total Revenues			113,324	113,324
EXPENDITURES:				
Debt Service:				
Fire Station Property	45,000	45,000	43,609	1,391
Fire Station Bond Payment	205,950	205,950	203,720	2,230
Angel Street Park Property		337,360	337,360	
Total Expenditures	250,950	588,310	584,689	3,621
Excess (Deficiency) of Revenues				
over Expenditures	(250,950)	(588,310)	(471,365)	109,703
Other Financing Sources (Uses):				
Appropriation From Fund Balance Transfers In (Out):	-	337, <b>36</b> 0	-	(337,360)
General Fund	250,950	250,950	250,950	_
Capital Projects Fund		-	1,286,223	1,286,223
	250,950	588,310	1,537,173	948,863
Excess (Deficiency) of Revenues and				
Other Financing Sources Over (Under) Expenditures and Other Financing Uses			1,065,808	1,058,566
Fund Balance at Beginning of Year	207,746	207,746	207,746	
	201,140	201,140	201,140	-
Fund Balance at End of Year	\$ 207,746	\$ 207,746	\$ 1,273,554	<u>\$ 1,058,566</u>

# KAYSVILLE CITY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL MAJOR CAPITAL PROJECTS FUND YEAR ENDED JUNE 30, 2006

		Budgeted	Amo	unts			Fin	iance with al Budget avorable
	<del></del> (	<u>Daagotoa</u> Original	,	Final		Actual	•	favorable)
REVENUES:								,
Park Development Impact Fees	\$	125,000	\$	15 <b>5,00</b> 0	\$	491,30 <del>1</del>	\$	336,301
Transportation Impact Fees		850,000		795,000		1,454,111		659,111
Public Safety Impact Fees		-		-		66,010		66,010
Community Development Block Grant		<u> </u>		130,000				(130,000)
Total Revenues		975,000		1,08 <b>0,0</b> 00		2,011,422		931,422
EXPENDITURES:								
Capital Outlay:								
200 North Overpass Project	4	13,350,000		1,350,000		1,399,229		(49,229)
Heritage Park Property		-		30,000		30,920		(920)
North Main Street Project		_		130,000		40,980		89,020
Angel Street Soccer Complex		125,000		125,000	_	122,224		2,776
Total Expenditures		13,475,000		1,635,000		1,593,353		41,647
Excess (Deficiency) of Revenues								
over Expenditures		12,500,000)		(555,000)		418,069		973,069
Other Financing Sources (Uses):								
Bond Proceeds		11,945,000		_		_		_
Transfers In (Out):		1,3-3,000						
Water Fund		125,000		125,000		125,000		_
Sewer Fund		125,000		125,000		125,000		_
Storm Water Fund		125,000		12 <b>5,0</b> 00		125,000		_
Electric Fund		180,000		180,000		-		(180,000)
General Fund		-		-		1,500,000		1,500,000
Debt Service Fund		-		•		(1,286,223)		(1,286,223)
	,	12,500,000		55 <b>5,0</b> 00		588,777		33,777
Excess (Deficiency) of Revenues and Other								
Financing Sources Over (Under) Expenditures	3	•						
and Other Financing Uses		-		-		1,006,846		1,006,846
Fund Balance at Beginning of Year		574,990		574,990		574,990		-
Fund Balance at End of Year	\$	574,990	\$	574,990	<u>\$</u>	1,581,836	\$	1,006,846

#### KAYSVILLE CITY IMPACT FEE REPORTING JUNE 30, 2006

Impact fees are a funding tool used by local governments to place the cost of specific entity improvements to those that are creating the need for the improvements. Kaysville City has established several impact fees that are charged to either the developer or individual property owner.

The following tables show the funds collected by year, the planned expenditures, and the future capital projects for those expenditures:

#### PARK DEVELOPMENT IMPACT FEES

	Balance	-		lanned enditures	Capital Projects
		2007	\$	315,000	-Park development and improvements
		2008		240,000	-Park development and improvements
		2009		450,000	-Park development and improvements
		2010		250,000	-Park development and improvements
2006	246,192	2011 _		125,000	-Park development and improvements
	\$ 246,192	_	\$_	1,380,000	

#### TRANSPORTATION IMPACT FEES

-	В	alance	-	Planned Expenditures	Capital Projects
2006	\$	849,225	2007	\$ 1,500,000	200 North Overpass
	\$	849,225		\$ 1,500,000	

## PUBLIC SAFETY IMPACT FEES

	Ba	lance	-	Planned penditure	Capital Projects	
			2007 2008	\$ 25,000 -	-Building Improvements	,
2005	\$	30,586	2009	-	•	
2006		68,450	2010	 550,000	-Building Improvements	
	\$	99,036	=	\$ 575,000		

# KAYSVILLE CITY IMPACT FEE REPORTING JUNE 30, 2006

## **WATER IMPACT FEES**

	<u> </u>		<u> </u>	
Balance				Capital Projects
	2007	\$	100,000	-Water Distribution System Improvements
\$ 49,616	2008		125,000	-Water Distribution System Improvements
226, <b>62</b> 7	2009		125,000	-Water Distribution System Improvements
222,558	2010		125,000	-Water Distribution System Improvements
 207,672	2011		125,000	-Water Distribution System Improvements
 706,473	;	\$	600,000	
\$	\$ 49,616 226,627 222,558 207,672	\$ 49,616 2008 226,627 2009 222,558 2010 207,672 2011	Balance       Exp         2007       \$         \$ 49,616       2008         226,627       2009         222,558       2010         207,672       2011	2007 \$ 100,000 \$ 49,616 2008 125,000 226,627 2009 125,000 222,558 2010 125,000 207,672 2011 125,000

## **ELECTRIC IMPACT FEES**

Dalamas			Planned	Canital Projects
Balance		EX	penditures	Capital Projects
	2007	\$	500,000	-Electrical Distribution System Improvements
	2008		5 <b>00</b> ,000	-Electrical Distribution System Improvements
	2009		500,000	-Electrical Distribution System Improvements
	2010		5 <b>00</b> ,000	-Electrical Distribution System Improvements
	2011		500,000	-Electrical Distribution System Improvements

# STATISTICAL SECTION

# KAYSVILLE CITY CORPORATION Table 1 - Net Assets by Component June 30, 2006

		Fiscal Year	Year		
	2003	2004	2005	2006	
iovernmental Activities Investment in Capital Assets, Net of Related Debt	\$ 24,107,025	\$ 22,396,106	\$ 19,063,908	\$ 21,086,118	
Restricted Unrestricted Ortal Governmental Activities Net Assets	2,218,525 949,786 \$ 27,275,336	2,004,450 4,008,876 \$ 28,409,432	2,683,646 3,059,042 \$ 24,806,596	4,093,648 3,865,714 \$ 29,045,480	
usiness-type Activities				·	
Invested in Capital Assets, Net of Related Debt Restricted	\$ 18,693,000 2,204,062	\$ 19,666,590 2,472,805	\$ 27,289,164 1,816,441.00	\$ 32,883,333	
Unrestricted otal Business-type Activities Net Assets	\$ 28,132,029	7,292,003 \$ 29,431,398	7,606,474	6,928,976	
rimary Government	47 000 005	202 620 67 \$		6 53 650 851	
Invested in Capital Assets, INet of Related Debt Restricted	4,422,587	4,477,255	46,533,072	4,800,121	
one surced to the Assets of the Assets	\$ 55,407,365	\$ 57,840,830	\$ 61,518,675	\$ 69,564,262	

(Accrual Basis of Accounting)

KAYSVILLE CITY CORPORATION
Table 3 - Balance Sheet Fund Balances of Governmental Funds
June 30, 2006

				ļ		Fisca	fiscal Year				
		1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
	General Fund Reserved	\$ 265,869	\$ 322,960	\$ 450,536	\$ 579,831	\$ 683,668	\$ 369,046	\$ 328,407	\$ 92,790 2,409,711	\$ 576,135 2,583,763	\$ 3,229,021
	Oneserved Total General Fund	\$ 921,940	\$ 1,013,014	\$ 1,083,965	\$ 1,525,224	\$ 1,027,171	\$ 739,046	\$ 1,154,480	\$ 2,502,501	\$ 3,159,898	\$ 3,229,021
	Debt Service Fund Reserved	Debt Service Func	Debt Service Fund used beginning Fiscal Year 2002	scal Y <b>car</b> 2002 \$	· ·	· ₩	\$ 136,376	\$ 92,768	<b>↔</b>	*	\$ 1,061,822
	Unreserved Total Debt Service Fund	N/A	N/A	N/A	N/A	N/A	\$ 188,464	98,196 \$ 190,964	145,373 \$ 194,532	(15,547) \$ 207,746	211,732 1,273, <b>554</b>
	Capital Projects Fund Reserved Uneserved	\$ (3,088)	\$ - 46,756	\$ 250,15 <b>8</b> 1,802,766	\$ 267,870	\$ 179,995 (119,358)	-   - •		\$ 1,395,500	ا د	1,081, <b>494</b> 500,342
	Total Capital Projects Fund	\$ (3,088)	\$ 46,756	\$ 2,052,924	\$ 466,547	\$ 60,637	-	\$ 1,228	\$ 1,395,500	\$ 574,990	1,581,836
70	Library Special Revenue Fund Reserved	Library Special Reveue Fund estab	eveue Fund establis	dished in FY 2003	· 69	· ↔	· •	\$ 3,074	\$ 11,565.00	\$ 12,462	. 123,893
	Omeserved Total Library Special Revenue Fund	N/A	. N/A	N/A	N/A	N/A	N/A	\$ 27,363	<b>60</b>	~	\$ 123,893

KAYSVILLE CITY CORPORATION

Table 4 - Changes in Fund Balance of Governmental Funds

June 30, 2006

						Fisca	Fiscal Year				
		1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Revenues:											
Taxes	S	2,601,645	\$ 2,920,098	\$ 3,190,897	\$ 3,392,771	\$ 3,561,637	\$ 3,898,827	\$ 3,864,606	\$ 4,101,174	\$ 4,947,850	\$ 5,600,769
Licenses and Permits		211,276	137,575	159,827	153,192	156,170	357,699	341,983	479,696	556,267	775,483
Impact Fees		1	,	•	•	•	1	•	•	927,119	2,124,381
Intergovernmental		747,641	1,002,857	1,109,240	1,451,277	1,211,607	1,090,566	1,184,996	899,610	742,595	874,619
Charges for Services		693,836	969,169	759,706	812,808	776,886	941,372	1,174,836	1,769,506	1,348,819	1,692,005
Fines and Forefitures		54,445	59,033	44,774	47,589	53,268	50,887	62,081	67,306	82,680	73,455
Miscellaneous		417,955	386,637	365,418	372,098	356,183	1,004,208	358,344	1,627,613	1,809,309	557,738
Total Revenues		4,726,798	5,197,896	5,629,862	6,229,735	\$ 6,115,751	7,343,559	6,986,846	8,944,905	10,414,639	11,698,450
Expenditures											
General Government		733,410	836,011	781,284	769,886	812,148	945,388	1,033,437	1,108,474	1,108,863	1,273,503
Public Safety		1,305,873	1,243,743	1,359,899	1,636,235	1,590,331	2,109,351	1,773,384	1,798,178	2,011,936	2,104,306
Community Development		275,942	281,401	283,655	325,296	347,977	360,755	328,545	386,599	418,435	450,766
Public Works		1,776,210	1,661,841	2,512,593	2,073,675	3,068,976	3,779,500	2,138,744	3,195,762	2,762,873	1,833,209
Parks, Recreation and Properties		761,843	769,773	785,016	894,979	989'896	933,762	409,258	518,149	1,268,367	1,461,882
Library		223,002	203,251	224,016	254,545	278,404	296,269	289,712	296,905	289,325	330,378
Debt service:		•	•	•	•	•	•	•		•	
Principal		•	1	1	•	1	1	776,689	438,528	460,298	478,858
Juterest and Fiscal Charges								120,639	149,014	129,459	105,831
Capital Outlay		312,540	60,688.00	177,033	1,991,909	681,442	548,256	3,373,951	647,022	729,302	1,625,848
Total Expenditures		5,388,820	5,056,708	6,123,496	7,946,525	7,742,964	8,973,281	10,244,359	8,538,631	9,178,858	9,664,581
Excess (Deficiency of Revenues	,										
over Expenditures	<b>₩</b>	(662,022)	\$ 141,188	\$ (493,634)	\$ (1,716,790)	\$ (1,627,213)	<b>\$</b> (1,629,722)	\$ (3,257,513)	\$ 406,274	\$ 1,235,781	\$ 2,033,869
Other Financing Sources (Uses): Operating Transfers In	÷	785 520	000 55 \$	\$ 733 350	219 118 \$	056 266	\$ 1.851.423	\$ 1.850.722	\$ 978 964	365 000	\$ 2412173
Operating Transfers Out	,	(229,693)	Ū		_		(381,999)	(540,722)	_	(355,000)	_
Other Financing Sources			•	1,850,000	•	•	•	2,435,000	•		
Sources (Uses)		555,827		2,583,350	571,672	723,250	1,469,424	3,745,000	650,214	(90,000)	200,000
Net change in fund balances	<b>∽</b>	(106,195)	\$ 141,188	\$ 2,089,716	\$ (1,145,118)	\$ (903,963)	\$ (160,298)	\$ 487,487	\$ 1,056,488	\$ 1,145,781	\$ 2,233,869

Table 5 - Governmental Tax Revenues by Source KAYSVILLE CITY CORPORATION June 30, 2006

Fiscal Year	General Property Tax	Sales Tax	Utility License Tax	Energy Sales and Use Tax	To <b>tal</b> Tax Revenue
2006	\$1,514,768	\$2,720,052	\$504,791	\$861,158	\$5,600,769
2005	\$1,403,854	\$2,373,991	\$1,170,005	<b>\$</b>	\$4,947,850
2004	\$1,389,145	\$2,210,436	\$501,593	0\$	\$4,101,174
2003	\$1,299,536	\$2,078,652	\$486,418	0\$	\$3,864,606
2002	\$1,265,380	\$2,170,716	\$462,731	<b>0\$</b>	\$3,898,827
2001	\$1,194,894	\$1,957,983	\$408,760	<b>\$</b>	\$3,561,637
2000	\$1,139,613	\$1,921,399	\$331,759	\$0	\$3,392,771
1999	\$1,104,698	\$1,779,220	\$306,979	0\$	\$3,190,897
1998	\$1,029,468	\$1,580,169	\$310,461	0\$	\$2,920,098
1997	\$939,870	\$1,419,948	\$241,827	0\$	\$2,601,645

(1) General Property tax includes: property taxes current and delinquent, and motor vehicle in-lieu tax General property tax also includes the allocation to the library special revenue fund.

Notes:

energy sales and use tax charged to Kaysville City Power. In prior years, it was not classified as taxes. In FY 2006, another column has been created to make a distinction between energy sale and use tax (2) Utility license tax includes a tax on gross revenues on all public utilities. FY 05 also includes the (Questar and Kaysville Power) and taxes on other utilities such as phone service and cable TV.

Source:

Kaysville City Finance Department

KAYSVILLE CITY CORPORATION

Table 6 - Property Tax Levies and Collections June 30, 2006

Fiscal Year	Total Taxable Value	City Tax Rate	Total Taxes Assessed	Current Year Taxes Collected	Percentage of Tax Collections to Tax Levy	Fee in Lieu Collected	Delinquent Taxes Collected & Interest	Total Tax & Payment in Lieu Collected
2005	\$810,835,328	0.001519	\$1,233,637	\$1,174,690	95.20%	\$214,466	\$104,486	\$1,493.641
2004	\$744,075,323	0.001600	\$1,191,121	\$1,129,601	94.84%	\$212,502	\$48,904	\$1,391,007
2003	\$704,941,354	0.001626	\$1,145,936	\$1,099,725	95.97%	\$238,803	\$49,621	\$1,388,149
2002	\$679,921,738	0.001612	\$1,096,203	\$1,045,353	95.36%	\$204,079	\$72,964	\$1,322,396
2001	\$635,492,342	0.001620	\$1,029,498	\$983,685	95.55%	\$207,236	\$54,285	\$1,245,206
2000	\$578,845,389	0.001666	\$964,356	\$911,021	94.47%	\$208,502	\$64,756	\$1,184,279
1999	\$551,024,604	0.001705	\$939,497	\$886,544	94.36%	\$193,901	\$22,334	\$1,102,779
1998	\$510,661,592	0.001762	\$899,786	\$857,541	95.30%	\$199,141	\$31,601	\$1,088,283
1997	\$455,673,400	0.001816	\$827,503	\$784,824	94.84%	\$187,861	\$39,319	\$1,012,004
1996	\$395,173,181	0.001897	\$749,644	\$724,165	%09'96	\$173,953	\$27,824	\$925,942

(1) Information is based on a calendar year - 2005 is the most recent year

Davis County Auditor's Office / Kaysville City Finance Department

Source:

Notes:

KAYSVILLE CITY CORPORATION Table 7 - Taxable and Estimated Market Value of Property June 30, 2006

Fiscal Year	Estimated Market Value	Taxable Value	Ratio of Total Taxable Value to Market Value
2005	\$1,359,777,367	\$810,835,238	59.63%
2004	\$1,215,528,821	\$744,075,323	61.21%
2003	\$1,168,281,453	\$704,941,354	60.34%
2002	\$1,110,543,447	\$679,921,738	61.22%
2001	\$1,046,365,095	\$635,492,342	60.73%
2000	\$966,622,392	\$578,845,389	59.88%
1999	\$923,725,302	\$551,024,604	29.65%
1998	\$859,014,796	\$510,661,592	59.45%
1997	\$799,386,633	\$455,673,400	27.00%
1996	\$676,799,964	\$395,173,181	58.39%

(1) Information is based on a calendar year - 2005 is the most recent year (2) Does not include fee-in-lieu property

Davis County Auditor's Office / Kaysville City Finance Department

Source:

Notes:

Table 8 - Estimated Market Value of Taxable Property June 30, 2006 KAYSVILLE CITY CORPORATION

Personal Property	
State	
Agricultural	
Commercial	
Residential	
Estimated Market Value	
Fiscal Year	

Fiscal Year	Estimated Market Value	Residential	Commercial	Agricultural	State	Personal Property
2005	\$1,359,777,367	\$1,359,777,367 \$1,164,390,461	\$116,769,248	\$41,290,448	\$12,924,922	\$24,402,288
2004	\$1,215,528,281	\$1,076,711,927	\$93,533,337	\$9,427,673	\$12,746,778	\$23,108,566
2003	\$1,168,281,453	\$1,011,313,026	\$106,051,937	\$15,208,035	\$14,358,266	\$21,350,189
2002	\$1,110,543,447	\$929,373,681	\$128,765,502	\$16,176,126	\$14,806,410	\$21,421,728
2001	\$1,046,365,095	\$875,836,940	\$117,652,165	\$15,175,916	\$16,557,880	\$21,142,194
2000	\$966,622,392	\$820,197,589	\$90,100,123	\$18,050,522	\$15,141,341	\$23,132,817
1999	\$923,725,302	\$787,128,548	\$78,714,510	\$21,021,270	\$13,108,600	\$23,752,374
1998	\$859,014,749	\$728,680,997	\$72,749,140	\$22,039,140	\$12,396,690	\$23,148,782
1997	\$799,386,633	\$683,619,561	\$67,308,050	\$19,830,495	\$12,829,112	\$15,799,415
1996	\$676,779,964	\$577,483,598	\$51,167,498	\$24,884,027	\$11,742,979	\$11,501,862
1995	\$581,883,573	\$524,755,322	\$21,610,730	\$14,155,270	\$9,873,173	\$11,489,078

Information is based on a calendar year - 2005 is the most recent year
 Does not include fee-in-lieu property

Notes:

Davis County Auditor's Office / Kaysville City Finance Department

Source:

Table 9 - Property Tax Rates - Direct and Overlapping Governments KAYSVILLE CITY CORPORATION June 30, 2006

Fiscal Year	Kaysville City	Davis School Di <b>st</b> rict	Davis County	Weber Basin Water District	Mosquito Abatement	Central Davis Sewer District	Total
2005	0.001519	0.007700	0.001676	0.001930	0.000091	0.000357	0.013273
2004	0.001600	0.007820	0.001695	0.000198	0.000930	0.000275	0.012518
2003	0.001626	0.007731	0.001700	0.000196	0.000940	0.000275	0.012468
2002	0.001612	0.007610	0.001650	0.000193	0.000061	0.000276	0.011402
2001	0.001620	0.007600	0.001664	0.000193	0.000061	0.000279	0.011417
2000	0.001666	0.007513	0.001710	0.000200	0.000062	0.000283	0.011434
1999	0.001705	0.007370	0.001789	0.000139	0.000064	0.000288	0.011355
1998	0.001762	0.007393	0.001833	0.000139	0.000120	0.000298	0.011545
1997	0.001816	0.007604	0.002648	0.000145	0.000123	0.000301	0.012637
1996	0.001897	0.007408	0.002848	0.000154	0.000066	0.000322	0.012695

<sup>(1)</sup> Information is based on a calendar year - 2005 is the most recent year

Davis County Auditor's Office / Kaysville City Finance Department

Source:

Notes:

# KAYSVILLE CITY CORPORATION Table 10 - Principal Property Tax Payers with Comparison June 30 2006

		December 31	1, 2005 Taxa	December 31, 2005 Taxable Valuation	December 31	, 1997 Taxa	December 31, 1997 Taxable Valuation
				Percentage of Total City			Percentage of Total City
		Taxable		Taxable	Taxable		Taxable
		Assessed		Assessed	Assessed		Assessed
Тахрауег	Type of Business	Value	Rank	Value	Value	Rank	Value
Fieldstone Homes	Real Estate	\$5,436,660	-	%290			
KBP Office Group and Warehouse	Real Estate	\$4,972,610	Ŋ	0.61%			
JB Journey LLC	Recreational Vehicle Sales	\$4,904,335	က	0.60%			
HCP Utah LLC	Medical Products Dist.	\$4,228,000	4	0.52%			
Albertsons	Grocery	\$3,659,278	2	0.45%	\$4,424,148	-	1.12%
Park Place I LLC	Real Estate	\$3,499,104	9	0.43%			?
Bowmans	Grocery	\$3,373,747	7	0.42%	\$4,107,380	2	1 04%
Questar Gas	Natural Gas Distribution	\$3,278,947	80	0.40%	\$1,751,230		0 44%
Qwest Communications	Communications	\$3,196,382	6	0.39%	\$2,756,580	4	0.70%
Access Park LLC	Real Estate	\$3,191,800	10	0.39%	-		2 ·
77							
Granny Goose	Snack Foods				\$3,823,272	ო	%260
Barnes Banking	Banking Services				\$2,125,785	Ŋ	0.54%
Keith and Julie Romney	Shopping Center				\$1,791,880	ဖ	0.45%
Mercy Housing Utah	Retirement				\$1,706,979	∞	0.43%
Union Pacific Railroad	Railroad				\$1,602,830	ത	0.41%
Medical Building (Tanner Clinic)	Medical Services				\$1,109,590	10	0.28%
		\$ 24,427,258		3.01%	\$ 25,199,674		6.38%

Source: Davis County Auditor / Kaysville City Finance Department.

KAYSVILLE CITY CORPORATION Table 11 - Property Value of Construction in Kaysville June 30, 2006

•						•				
Estimated Increase of Property Value	\$79,503,838	\$61,638,006	\$40,633,186	\$35,968,210	\$26,945,972	\$20,526,492	\$27,116,732	\$22,954,684	\$26,747,849	\$33,468,213
Estimated Value	\$72,956,338	\$58,250,176	\$35,679,397	\$33,580,354	\$22,088,492	\$15,923,986	\$20,123,138	\$19,633,042	\$23,507,051	\$30,625,487
Residential Construction Number of Permits	465	376	300	241	176	164	207	191	253	322
Re Estimated Value	\$6,547,500	\$3,387,830	\$4,953,789	\$2,387,856	\$4,857,480	\$4,602,506	\$6,993,594	\$3,321,642	\$3,240,798	\$2,842,726
Commercial Construction Number of Permits	35	24	32	20	29	. 25	34	15	27	19
Year	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996

(1) Number of Permits includes all permits including remodels and additions

Based on Calendar Year - 2005 - 354 Single Family Homes

Davis County Department of Community and Economic Development 2005 Construction Monitor

Source:

Notes:

# KAYSVILLE CITY CORPORATION Table 12 - Computation of Legal Debt Margin June 30, 2006

\$1,359,777,367 \$810,835,238 \$54,391,095 \$53,343,445 \$1,047,650 **Outstanding General Obligation Bonds** Legal Debt Margin - Additional Debt Capacity Debt Limit - Four Percent of Market Value Lease Revenue Bonded Debt Estimated Market Value Taxable Value Less:

purposes. The remaining 8% and any unused portion of the 4% available for general purposes up to the maximum 12% Notes: The general obligation bonded debt of the City is limited by the Utah Constitution (Section 14, Paragraph 4) to 12 % of the the "reasonable fair cash value" of property. Of this percent, a maximum of 4% may be used for general may be use for water and/or sewer purposes.

Source: Davis County Auditor's Office / Kaysville City Finance Department

Table 13 - Computation of Direct and Overlapping General Obligation Debt June 30, 2006 KAYSVILLE CITY CORPORATION

	Entity	2005 Taxable Valuation	Kaysville City's Portion of Valuation	Kaysville City's Percentage	Entity's Outstanding G.O. Debt	Kaysville City Overlapping G.O. Debt
п	Direct:					
	Kaysville City	\$810,835,238	\$810,835,238	100.00%	0	
_	Overlapping:					
	Davis County	\$10,890,068,690	\$810,835,238	7.26%	\$26,535,000	\$245,258
0.	Davis County School District	\$10,890,068,690	\$810,835,238	7.26%	\$210,890,000	\$15,302,476
^	State of Utah	\$132,283,252,974	\$810,835,238	0.60%	\$1,377,390,000	\$9,129,657
	Weber Basin Water District	\$25,843,934,691	\$810,835,238	2.88%	\$35,212,376	\$1,053,853
	L	Total - Direct and Overlapping General Obligation Debt	ping General Obligation	Debt		\$25,731,245

Source: Davis County Auditor's Office / Kaysville City Finance Department

KAYSVILLE CITY CORPORATION
Table 14 - Ratios of Outstanding Debt by Type
June 30, 2006

	Government	Governmental Activities		Busin	<b>Business-Type Activities</b>	rities	٠				
General Obligation Bonds	Revenue	Notes Payable	Capital Leases	Revenue Bonds	Notes Payable	Capital Leases	Total Primary Government	Percentage of Personal Income	Personal Income (AGI)	, L 0	Per Capita
<b>3</b> €	\$0 \$940,000	\$1,061,820	\$19,494	90	0\$	\$89,244	\$2,110,558	Not Available	Not Available	69	8
\$0	0 \$1,108,000	\$1,332,552	\$59,620	\$0	\$0	\$153,308	\$2,653,480	0.5534%	\$479,444,976	€	41
<b>3</b> €	\$0 \$1,273,000	\$1,590,392	\$97,078	0\$	\$3,200	\$214,700	\$3,178,370	0.7036%	\$451,715,391	69	14
₹	\$0 \$1,431,000	0\$	\$132,042	\$0	\$13,038	\$170,540	\$1,746,620	0.4088%	\$427,299,462	49	<b>8</b> 0
\$0	0 \$1,575,000	0\$	\$170,448	\$0	\$22,876	\$0	\$1,768,324	0.4286%	\$412,616,255	↔	83
\$0	0 \$1,715,000	0\$	\$195,158	<b>9</b>	\$32,714	0\$	\$1,942,872	0.4786%	\$405,958,186	49	93
\$0	0 \$1,850,000	\$0	\$223,604		\$42,552	\$0	\$2,116,156	0.5592%	\$378,450,691	49	104
\$0	0 \$1,850,000	0\$	\$250,158	80	\$140,712	0\$	\$2,240,870	0.6301%	\$355,660,466	ø	113
\$0	0\$	\$0	°0\$	\$0	\$188,893	\$0	\$188,893	0.0575%	\$328,696,804	<del>\$</del>	10
\$0	0\$	0\$	0\$	80	\$285,419	0\$	\$285,419	0.0935%	\$305,175,527	ø	15

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Population from Census Bureau, Wasatch Front Regional Council and City estimates. Income number from State Tax Commission - Federal Return Data by City (AGI). Adjusted Gross Income not available for 2005 - FY 2006

KAYSVILLE CITY CORPORATION Table 15 - Miscellaneous Statistical Data - Insurance Summary June 30, 2006

Diamond State         10/01/2005 - 9/30/2006         \$1,000,000 / \$2,000,000           Diamond State         10/01/2005 - 9/30/2006         \$1,000,000 / \$2,000,000           Ace American         10/01/2005 - 9/30/2006         Scheduled at Value           Ace American         10/01/2005 - 9/30/2006         Scheduled at Value           Ace American         10/01/2005 - 9/30/2006         Scheduled at Value           Harford Steam         10/01/2005 - 9/30/2006         Included in Property           Diamond State         10/01/2005 - 9/30/2006         \$1,000,000           Diamond State         10/01/2005 - 9/30/2006         \$1,000,000           Diamond State         10/01/2005 - 9/30/2006         \$1,000,000           Iamage Ace American         10/01/2005 - 9/30/2006         \$10,000,000           States RRG         10/01/2005 - 9/30/2006         \$250,000           Fidelity and Deposit         10/01/2005 - 9/30/2006         \$640,000           Ohio Casually         10/01/2005 - 9/30/2006         \$640,000	Coverage	Company	Term	Limits	Deductible
Diamond State         10/01/2005 - 9/30/2006         \$1,000,000 / \$2,000,000           Ace American         10/01/2005 - 9/30/2006         \$1,000,000 / \$2,000,000           Ace American         10/01/2005 - 9/30/2006         Scheduled at Value           Ace American         10/01/2005 - 9/30/2006         Scheduled at Value           Hartford Steam         10/01/2005 - 9/30/2006         Included in Property           Diamond State         10/01/2005 - 9/30/2006         \$1,000,000           Pidelity and Deposit         10/01/2005 - 9/30/2006         \$10,000,000           Fidelity and Deposit         10/01/2005 - 9/30/2006         \$250,000           Fidelity and Deposit         10/01/2005 - 9/30/2006         \$250,000           Fidelity and Deposit         10/01/2005 - 9/30/2006         \$250,000           Fidelity and Deposit         10/01/2005 - 9/30/2006         \$640,000           Ohio Casuality         10/01/2005 - 9/30/2006         \$640,000	General Liability	Diamond State	10/01/2005 - 9/30/2006	\$1,000,000 / \$2,000,000	\$10,000
Ace American         10/01/2005 - 9/30/2006         Scheduled at Value           Ace American         10/01/2005 - 9/30/2006         Scheduled at Value           Ace American         10/01/2005 - 9/30/2006         Scheduled at Value           Hartford Steam         10/01/2005 - 9/30/2006         Included in Property           Diamond State         10/01/2005 - 9/30/2006         \$1,000,000           Piates RRG         10/01/2005 - 9/30/2006         \$10,000,000           Resty         Fidelity and Deposit         10/01/2005 - 9/30/2006         \$250,000           Ohio Casualty         10/01/2005 - 9/30/2006         \$640,000           Ohio Casualty         10/01/2005 - 9/30/2006         \$640,000	Employee Benefits	Diamond State	10/01/2005 - 9/30/2006	\$1,000,000 / \$2,000,000	\$1,000
Ace American         10/01/2005 - 9/30/2006         Scheduled at Value           Ace American         10/01/2005 - 9/30/2006         Scheduled at Value           Hartford Steam         10/01/2005 - 9/30/2006         Included in Property           Diamond State         10/01/2005 - 9/30/2006         \$1,000,000           Ramage Ace American         10/01/2005 - 9/30/2006         \$1,000,000           resty         Fidelity and Deposit         10/01/2005 - 9/30/2006         \$250,000           Fidelity and Deposit         10/01/2005 - 9/30/2006         \$250,000           Fidelity and Deposit         10/01/2005 - 9/30/2006         \$250,000           Chielity and Deposit         10/01/2005 - 9/30/2006         \$250,000           Chielity and Deposit         10/01/2005 - 9/30/2006         \$640,000           Ohio Casualty         10/01/2005 - 9/30/2006         \$640,000	Property	Ace American	10/01/2005 - 9/30/2006	Scheduled at Value	\$10,000
Ace American         10/01/2005 - 9/30/2006         Scheduled at Value           Hartford Steam         10/01/2005 - 9/30/2006         Included in Property           Diamond State         10/01/2005 - 9/30/2006         \$1,000,000           Diamond State         10/01/2005 - 9/30/2006         \$1,000,000           Diamond State         10/01/2005 - 9/30/2006         \$1,000,000           Piamond State         10/01/2005 - 9/30/2006         \$1,000,000           Piamond State         10/01/2005 - 9/30/2006         \$1,000,000           Piates RRG         10/01/2005 - 9/30/2006         \$20,000           Pidelity and Deposit         10/01/2005 - 9/30/2006         \$250,000           Fidelity and Deposit         10/01/2005 - 9/30/2006         \$250,000           Fidelity and Deposit         10/01/2005 - 9/30/2006         \$250,000           Fidelity and Deposit         10/01/2005 - 9/30/2006         \$250,000           Ohio Casualty         10/01/2005 - 9/30/2006         \$640,000	Contractor's Equipment	Ace American	10/01/2005 - 9/30/2006	Scheduled at Value	\$10,000
Hartford Steam         10/01/2005 - 9/30/2006         Included in Property           Diamond State         10/01/2005 - 9/30/2006         \$1,000,000           Image Ace American         10/01/2005 - 9/30/2006         \$10,000,000           Insty         Fidelity and Deposit         10/01/2005 - 9/30/2006         \$250,000           Chielity and Deposit         10/01/2005 - 9/30/2006         \$640,000           Ohio Casualty         10/01/2005 - 9/30/2006         \$640,000	Computer Equipment	Ace American	10/01/2005 - 9/30/2006	Scheduled at Value	\$1,000
Diamond State         10/01/2005 - 9/30/2006         Included in General Liability           Diamond State         10/01/2005 - 9/30/2006         \$1,000,000           Diamond State         10/01/2005 - 9/30/2006         \$1,000,000           Diamond State         10/01/2005 - 9/30/2006         \$1,000,000           Partes RAG         10/01/2005 - 9/30/2006         \$10,000,000           Pidelity and Deposit         10/01/2005 - 9/30/2006         \$250,000           Fidelity and Deposit         10/01/2005 - 9/30/2006         \$640,000           Ohio Casualty         10/01/2005 - 9/30/2006         \$640,000	Equipment Breakdown	Hartford Steam	10/01/2005 - 9/30/2006	Included in Property	\$10,000
Diamond State         10/01/2005 - 9/30/2006         \$1,000,000           Diamond State         10/01/2005 - 9/30/2006         Included in General Liability           Diamond State         10/01/2005 - 9/30/2006         \$1,000,000           Iamage Ace American         10/01/2005 - 9/30/2006         \$1,000,000           Iesty         Fidelity and Deposit         10/01/2005 - 9/30/2006         \$250,000           Ohio Casualty         10/01/2005 - 9/30/2006         \$640,000	Law Enforcement	Diamond State	10/01/2005 - 9/30/2006	Included in General Liability	\$10,000
Diamond State         10/01/2005 - 9/30/2006         Included in General Liability           Piamond State         10/01/2005 - 9/30/2006         \$1,000,000           Pamage Ace American         10/01/2005 - 9/30/2006         \$10,000,000           Pasty         Fidelity and Deposit         10/01/2005 - 9/30/2006         \$250,000           Ohio Casualty         10/01/2005 - 9/30/2006         \$640,000	Public Officials E&O	Diamond State	10/01/2005 - 9/30/2006	\$1,000,000	\$10,000
Diamond State         10/01/2005 - 9/30/2006         \$1,000,000           Namage Ace American         10/01/2005 - 9/30/2006         \$1,000,000           States RRG         10/01/2005 - 9/30/2006         \$10,000,000           Fidelity and Deposit         10/01/2005 - 9/30/2006         \$250,000           Ohio Casualty         10/01/2005 - 9/30/2006         \$640,000	Employment Practices	Diamond State	10/01/2005 - 9/30/2006	Included in General Liability	\$15,000
Namage Ace American         10/01/2005 - 9/30/2006         Schedule           States RRG         10/01/2005 - 9/30/2006         \$10,000,000           Hesty         Fidelity and Deposit         10/01/2005 - 9/30/2006         \$250,000           Ohio Casualty         10/01/2005 - 9/30/2006         \$640,000	Automobile Liability	Diamond State	10/01/2005 - 9/30/2006	\$1,000,000	\$5,000
States RRG 10/01/2005 - 9/30/2006  Testy Fidelity and Deposit 10/01/2005 - 9/30/2006  Ohio Casualty 10/01/2005 - 9/30/2006	Automobile - Physical Damage	e Ace American	10/01/2005 - 9/30/2006	Schedule	\$1,000 - Comp & Coll.
Fidelity and Deposit 10/01/2005 - 9/30/2006  Ohio Casualty 10/01/2005 - 9/30/2006	Custom Excess Liability	States RRG	10/01/2005 - 9/30/2006	\$10,000,000	\$1,000 <b>,00</b> 0 SIR
Fidelity and Deposit         10/01/2005 - 9/30/2006           Fidelity and Deposit         10/01/2005 - 9/30/2006           Fidelity and Deposit         10/01/2005 - 9/30/2006           Ohio Casualty         10/01/2005 - 9/30/2006           Ohio Casualty         10/01/2005 - 9/30/2006	Public Employee Dishonesty		10/01/2005 - 9/30/2006	\$250,000	\$1,000
Fidelity and Deposit 10/01/2005 - 9/30/2006  Fidelity and Deposit 10/01/2005 - 9/30/2006  Ohio Casualty 10/01/2005 - 9/30/2006  Ohio Casualty 10/01/2005 - 9/30/2006	Forgery and Alteration	Fidelity and Deposit	10/01/2005 - 9/30/2006	\$250,000	\$1,000
Fidelity and Deposit 10/01/2005 - 9/30/2006  Ohio Casualty 10/01/2005 - 9/30/2006  Ohio Casualty 10/01/2005 - 9/30/2006	Theft and Disapperance	Fidelity and Deposit	10/01/2005 - 9/30/2006	\$250,000	\$250
Ohio Casualty 10/01/2005 - 9/30/2006 Ohio Casualty 10/01/2005 - 9/30/2006	Computer Fraud	Fidelity and Deposit	10/01/2005 - 9/30/2006	\$250,000	\$1,000
Ohio Casualty 10/01/2005 - 9/30/2006	Treasurer Bond	Ohio Casualty	10/01/2005 - 9/30/2006	\$640,000	0\$
	Deputy Treasurer Bond	Ohio Casualty	10/01/2005 - 9/30/2006	\$640,000	0\$

Note: Insurance has been renewed effective October 1, 2006

# KAYSVILLE CITY CORPORATION

Table 16 - Population Growth June 30, 2005

2006       23,888       695         2005       22,463       548         2003       22,463       548         2002       22,463       548         2002       21,345       555         2000       20,859       508         2000       20,859       508         2000       20,859       508         2000       20,859       508         1990       19,787       669         1997       18,879       535         1996       17,746       665         1994       17,746       665         1994       17,781       810         1995       17,746       665         1994       17,781       810         1995       17,781       840         1990       13,961       1,047         1988       12,571       343         1986       11,450       345         1986       11,430       315         1987       10,762       320         1980       10,742       1,11         1980       6,192       2,584         1950       1,898       1,710         1980	Fiscal Year		Population	Increase	Percentage Increase	ncrease
23,193 22,463 20,351 19,787 19,787 19,787 18,879 17,746 17,081 16,138 15,328 11,503 11,503 11,503 11,430 11,430 11,115 10,762 10,331 6,192 2,3,608 11,898		2006	23.888	69	55	3 00%
22, 193 22, 463 21, 380 20, 859 20, 351 19, 787 19, 787 18, 374 17, 746 17, 746 17, 981 17, 981 11, 503 11, 503 11, 503 11, 503 11, 503 10, 762 10, 331 6, 192 2, 3, 608 1, 898		9000	20,000	1		2000
22,463 21,915 20,351 20,351 19,787 19,787 19,787 17,746 17,746 17,081 12,914 12,914 12,914 12,571 11,503 11,430 11,430 10,442 6,192 3,608 1,898		cooz	23,193	7)	e.	3.00%
21,915 21,380 20,859 20,859 20,859 19,787 19,118 18,879 17,746 17,081 16,138 15,328 16,328 11,503 11,430 11,430 11,430 10,762 10,442 6,192 3,608 1,898		2004	22,463	54		2.50%
21,380 20,351 19,787 19,118 18,879 17,746 17,081 16,138 15,328 16,138 12,914 12,914 12,914 11,503 11,503 11,115 10,762 10,331 6,192 7,858 11,115 10,762 10,331 11,898 11,898		2003	21,915	53	. 22	2.50%
20,859 20,351 19,787 19,787 18,879 18,879 17,746 17,746 17,746 17,961 12,914 12,914 11,503 11,858 11,503 11,430 11,115 10,762 10,331 6,192 2,3,608 1,898		2002	21,380	52	Σ.	2.50%
20,351 19,787 19,787 18,879 18,344 17,746 17,746 16,138 14,688 14,688 12,914 12,914 11,503 11,503 11,430 11,430 11,430 11,430 11,503 11,603 10,762 10,331 6,192 6,192 7,808 11,898		2001	20,859	20	8	2.50%
19,787 19,118 18,879 18,344 17,746 17,081 16,138 14,688 14,688 12,914 12,914 11,503 11,503 11,503 11,430 11,503 11,603 10,762 10,342 6,192 6,192 7,608 11,898		2000	20,351	56	4	2.85%
19,118 18,879 18,344 17,746 17,746 16,138 14,688 14,688 12,914 12,914 12,914 11,503 11,430 11,430 11,430 10,442 6,192 6,192 1,898 1,849		1999	19,787	99	60	3.50%
18,879 18,344 17,746 17,746 16,138 16,138 14,688 13,961 12,914 12,571 11,503 11,430 11,430 11,115 10,442 6,192 3,608 1,898		1998	19,118	23	6	1.27%
18,344 17,746 17,746 16,138 16,138 14,688 13,961 12,571 12,571 11,858 11,858 11,430 11,430 11,143 10,762 10,442 6,192 3,608 1,898		1997	18,879	53	33	2.92%
17,746 17,081 16,138 14,688 13,961 12,571 12,571 11,503 11,430 11,762 10,442 6,192 2,3,608 1,898 11,898		1996	18,344	59	82	3.37%
17,081 16,138 14,688 14,688 12,914 12,571 12,219 11,503 11,430 11,115 10,442 6,192 3,608 1,898 11,898		1995	17,746	99	55	3.89%
16,138 15,328 14,688 13,961 12,914 12,219 11,858 11,503 11,430 11,115 10,762 10,442 6,192 3,608 1,898		1994	17,081	76	53	5.84%
15,328 14,688 13,961 12,914 12,571 12,219 11,503 11,430 11,1430 11,762 10,442 6,192 3,608 1,898		1993	16,138		0	5.28%
14,688 13,961 12,914 12,571 12,219 11,858 11,503 11,430 11,115 10,442 6,192 3,608 1,898		1992	15,328	64	0	4.36%
13,961 12,914 12,914 12,219 11,858 11,503 11,430 11,115 10,762 10,442 6,192 3,608 1,898		1991	14,688	72	1.	5.21%
12,914 12,571 12,219 11,858 11,503 11,430 11,115 10,762 10,442 6,192 3,608 1,898		1990	13,961	1,04	21	8.11%
12,571 12,219 11,858 11,503 11,430 11,115 10,762 10,331 6,192 3,608 1,898		1989	12,914	34	2	2.73%
12,219 11,858 11,503 11,430 11,115 10,762 10,331 6,192 3,608 1,898		1988	12,571	35.	7.	2.88%
11,858 11,503 11,430 11,115 10,762 10,442 6,192 6,192 1,898 1		1987	. 12,219	36	Ξ.	3.04%
11,503 11,430 11,115 10,762 10,442 10,331 6,192 3,608 1,898		1986	11,858	35	55	3.09%
11,430 11,115 10,762 10,442 10,331 6,192 3,608 1,898		1985	11,503	7.	က	0.64%
11,115 10,762 10,442 10,331 6,192 3,608 1,898		1984	11,430	31	2	2.83%
10,762 10,442 10,331 6,192 3,608 1,898		1983	11,115	35.	53	3.28%
10,442 10,331 6,192 3,608 1,898		1982	10,762	320	0.	3.06%
10,331 6,192 3,608 1,898		1981	10,442		-	1.07%
6,192 3,608 1,898		1980	10,331	4,13	o.	66.84%
3,608 1,89 <b>8</b>		1970	6,192	2,58	4	71.62%
1,898		1960	3,608	1,71	0	%60.06
		1950	1,898	1,89	<b>&amp;</b>	

Notes: Census year population estimates are from the US Bureau of the Census provided by the Utah State Office of Planning and Budget

Non-Census year population estimates are provided by Kaysville City and Wasatch Front Regional Council

# KAYSVILLE CITY CORPORATION Table 17 - Miscellaneous Statistical Data June 30, 2006

Date of Incorporation		March 15, 1868
Form of Government		Council - Manager
Area in Square Miles		9.89
Miles of Streets		103
Fire Protection	Number of stations  Number of full time / part time firefighters  Number of volunteer firefighters	1 2 30
Police Protection	Number of sworn officers Number of other employees	19
Parks and Recreation	Number of Parks Number of Acres Available Number of Acres Developed	9 210 114
Education .	Number of high schools Number of junior high schools Number of elementaries	1 · 2 6
Public Utilities	Number of water customers Annual usage (gallons) Miles of water Lines	6,675 778,249,200 112
	Number of power customers Annual kwh usage Miles of power lines Number of street lights	7,420 114,729,730 115
City Employees at June 30, 2006	Elected Full-time Part-time/Temporary/Seasonal	6 70 40

# SINGLE AUDIT SECTION



# REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Mayor and City Council Kaysville City

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Kaysville City, as of and for the year ended June 30, 2006, which collectively comprise Kaysville City's basic financial statements and have issued our report thereon dated November 9, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Kaysville City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Kaysville City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Honorable Mayor and City Council Kaysville City

We noted certain matters that we reported to management of Kaysville City in a separate summary dated November 9, 2006.

This report is intended solely for the information and use of the audit committee, management, City Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Wood Richards & Associates

Ogden, Utah November 9, 2006



# INDEPENDENT AUDITOR'S REPORT STATE OF UTAH LEGAL COMPLIANCE

The Honorable Mayor and City Council Kaysville City, Utah

We have audited the accompanying financial statements of the governmental activities, business-type activities, and each major fund of Kaysville City, Utah, for the year ended June 30, 2006 and have issued our report thereon dated November 9, 2006. As part of our audit, we have audited Kaysville City's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah Legal Compliance Audit Guide for the year ended June 30, 2006. The City received the following major assistance programs from the State of Utah.

C Road Funds (Department of Transportation) Liquor Law Enforcement (State Tax Commission)

The City did not receive any nonmajor State grants during the year ended June 30, 2006.

Our audit also included testwork on the City's compliance with those general compliance requirements identified in the State of Utah Legal Compliance Audit Guide, including:

Public Debt
Cash Management
B & C Road Funds
Other General Compliance Issues
Uniform Building Code Standards
Impact Fees

Liquor Law Enforcement Purchasing Requirements Budgetary Compliance Truth in Taxation & Property Tax Limitations

The management of Kaysville City is responsible for the City's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

Independent Auditor's Report on State Legal Compliance Page 2

The results of our audit procedures disclosed immaterial instances of noncompliance with requirements referred to above, which are described in the accompanying summary of findings. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, Kaysville City, Utah, complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; and special tests and provisions that are applicable to each of its major State assistance programs for the year ended June 30, 2006.

Wood Richards & Associates

November 9, 2006

#### KAYSVILLE CITY SUMMARY OF FINDINGS

#### FOR THE YEAR ENDED JUNE 30, 2006

Finding #1: State law requires that expenditures not be incurred in

excess of the appropriation for any department. We noted

the City did not comply with this law.

Recommendation: We recommend you limit expenditures or open the budget

late in the year to provide for these variances.

Finding #2: State law requires that the general fund balance not exceed

18% of the total estimated revenue of the general fund. The current unreserved general fund balance is in excess of this

limitation.

Recommendation: We recommend you make necessary budget adjustments to

comply with this provision.

<u>Finding #3:</u> State law requires every public treasurer to secure a fidelity

bond, based on the previous year's budgeted gross revenues, which includes all funds collected or handled by the treasurer. We noted the bond was below the required

level.

Recommendation: We recommend you increase the fidelity bond to the

required level as outlined in the Utah Code 51-7-15.

Finding #4: State law requires that every fund have a positive fund

balance and does not allow for any fund to have a deficit. We noted that as of June 30, 2006 the Ambulance Fund had

a deficit fund balance.

Recommendation: We recommend you appropriate additional funds into the

Ambulance Fund or limit its expenditures in order to

eliminate the deficit fund balance.

# Kaysville City Management Response to Summary of Findings

# Finding #1

The expenditures in the community development block grant program exceeded the budget amount. This account is used for pass through block grant funds to the Wasatch Front Regional Council. Kaysville serves as the sponsoring entity and passes through the funds as they are requested and received. The timing of the requests resulted in a budget overage.

A transfer was made from the general fund to the capital projects fund. This transfer was to provide funds for the 200 North Overpass Project. This action was discussed with the City Council, but no formal action was taken resulting in a budget overage.

We will continue to monitor budgets carefully and make the necessary amendments prior to the end of the fiscal year to ensure compliance with State laws.

# Finding #2

The City is planning for significant capital projects in Fiscal Year 2007, including the 200 North Overpass project as stated above. We will make the necessary budget amendments to ensure that these funds are held in reserve in the Capital Projects Fund rather than the General Fund.

# Finding #3

We have met the new threshold for increasing our public treasurer's bond for our treasurer and deputy treasurer from \$640,000 to \$1,000,000. We have increased the bond amount to this new level effective December 1, 2006

# Finding #4

We are monitoring the operations of our ambulance fund. As the population continues to grow, this operation will be more self sufficient. It may be necessary to increase our transfer from general fund revenues next budget year and subsequent years to maintain a positive fund balance.

Dean G. Storey
Finance Director



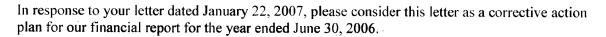
# Kaysville City

Kaysville City Corporation 23 East Center, Kaysville, Utah 84037 (801) 546-1235 • FAX (801) 544-5646

February 6, 2007

MacRay A. Curtis
Director Local Government Division
Office of the State Auditor
Utah State Capitol Complex
East Office Building, Suite E310
P.O. Box 142310
Salt Lake City, Utah 84114-2310

Dear Mr. Curtis:



- 1. During the fiscal year we had some departments with expenditures over the appropriated budget. The expenditures in the community development block grant program exceeded the budget amount. This account is used for pass through block grant funds to the Wasatch Front Regional Council. Kaysville serves as the sponsoring entity and passes through funds as they are requested and received. The timing of the requests resulted in a budget overage. A transfer was made from the general fund to the capital projects fund. This transfer was to provide funds for the 200 North Overpass Project. This action was discussed with the City Council, but no formal action was taken resulting in a budget overage. We will continue to monitor budgets carefully and make the necessary amendments prior to the end of the fiscal year to ensure compliance with State laws.
- 2. Our general fund balance may be in excess of the amount allowed by State law. We are accumulating reserves for the 200 North Overpass project. We will make the necessary transfers to the capital projects fund to comply with *Utah Code* section 10-6-116.
- 3. Our storm water fund and our ambulance fund have a deficit fund balance. We will continue to monitor these funds and make efforts to retire the deficit as quickly as possible.

We diligently will strive to correct these non-compliance issues to ensure that our financial reports conform to State laws. Please contact me if I can provide additional information.

Sincerely,

Dean G. Storey

Finance Director (1986) (1998) (1992)

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cc: Mayor Neka Roundy

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